Dimerix Limited and controlled entity
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Dimerix Limited
ABN:	18 001 285 230
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	57%	to	2,368
Loss from ordinary activities after tax attributable to the owners of Dimerix Limited	up	65%	to	(10,490,579)
Loss for the year attributable to the owners of Dimerix Limited	up	65%	to	(10,490,579)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax amounted to $10,490,579 (30 June 2021: $6,371,734).

3. Net tangible assets

	Reporting period $	Previous period $
Net tangible assets per ordinary security	0.047	0.0072

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

---

8. Details of associates and joint venture entities

Not applicable.

---

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

---

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

---

11. Attachments

Details of attachments (if any):

The Annual Financial Report for the year ended of Dimerix Limited for the year ended 30 June 2022 is attached.

---

12. Signed

Signed ______________________________ Date: 29 August 2022

James Williams
Non-Executive Chairman

Dimerix Limited and controlled entity

ABN 18 001 285 230

Annual Financial Report for the year ended

30 June 2022

Dimerix Limited and controlled entity
Corporate directory
30 June 2022

Directors	Dr James Howard Williams - Non-Executive Chairman Dr Sonia Maria Poli - Non-Executive Director Mr Hugh Alsop - Non-Executive Director Dr Nina Webster - CEO and Managing Director
Company secretary	Mr Hamish George
Registered office	425 Smith Street Fitzroy Victoria, 3065 Tel: 1300 813 321
Share register	Automic Registry Services Level 5 191 St Georges Terrace Perth, Western Australia, 6000
Auditor	Stantons Level 2, 40 Kings Park Road West Perth, Western Australia, 6005
Stock exchange listing	Dimerix Limited shares are listed on the Australian Securities Exchange (ASX code: DXB)
Website	www.dimerix.com
Postal Address:	425 Smith Street Fitzroy Victoria, 3065

Dimerix Limited and controlled entity
Contents
30 June 2022

Our Values

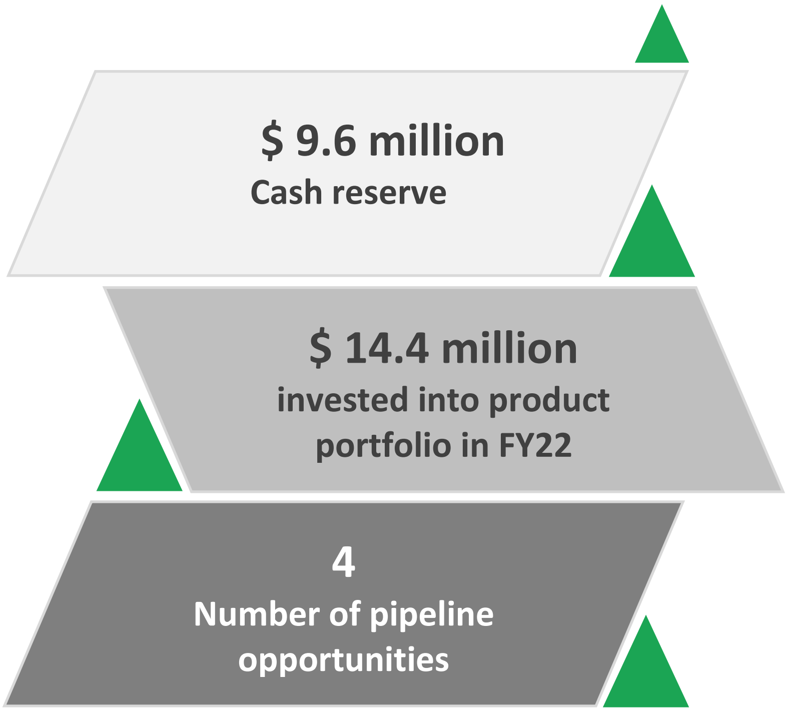
Dimerix adopts, as part of its core culture, values to which we all aspire aimed at driving the success of the business.

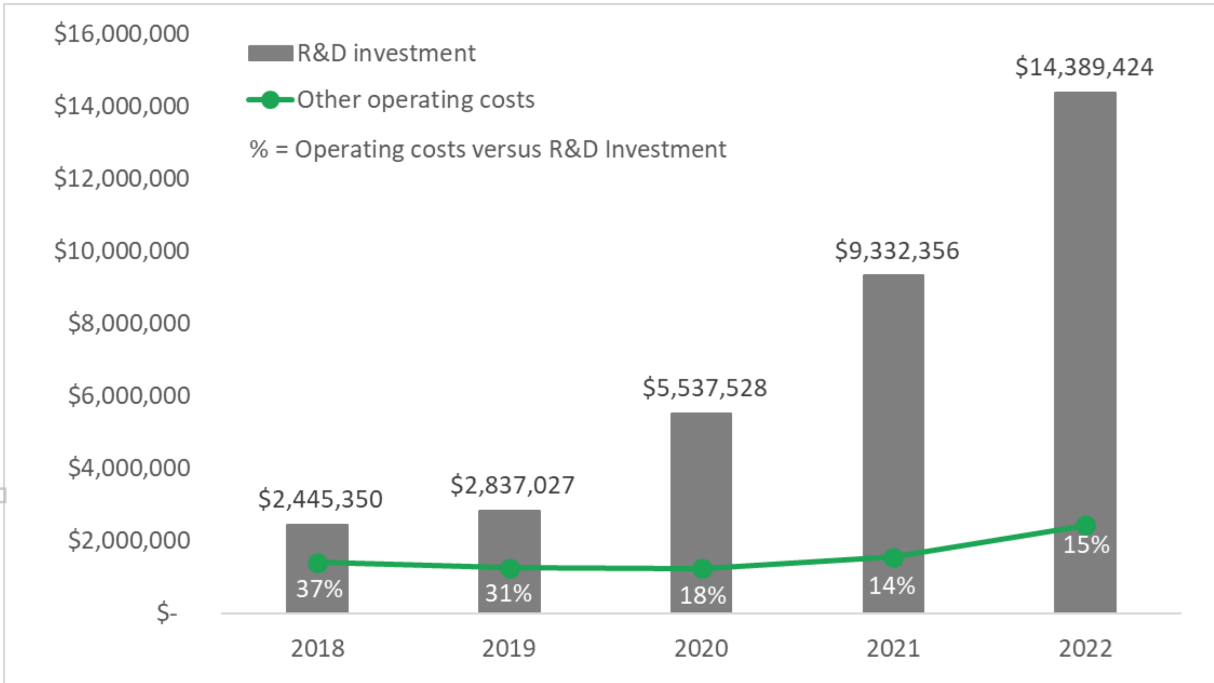
- Respect
- Honesty
- Commitment
- Reliability

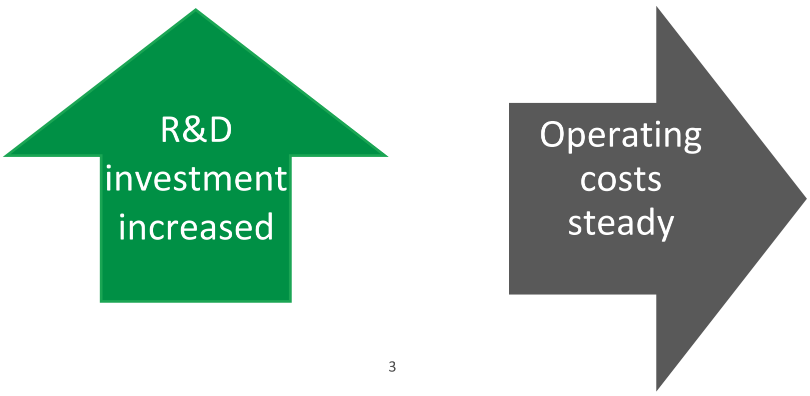
By adopting the company values, Dimerix employees will ensure that they are delivering the best possible outcomes to themselves, their fellow workmates, investors, and business associates alike. It is expected that everyone will, every day, in every way, strive to meet these values as they go about their day to day activities.

Dimerix strategic priorities

Financial outcomes







2022 business achievements and 2023 planned milestones

✓ FSGS **ethics approval** and clinical **site initiations**		✓ REMAP-CAP Phase 3 COVID-19 study recruitment **closed;** analysis pending
	✓ FSGS Phase 3 study **recruitment** and first patients **first dose**	
✓ Diabetic kidney disease **clinical study** design and next steps		✓ Further expansion of **IP portfolio**
	DMX-700 for COPD **moves towards clinical study**	
✓ CLARITY 2.0 Phase 3 COVID-19 study recruitment **closed**; analysis pending		

- ❑ FSGS ACTION3 Phase 3 study Part 1 recruitment completed
- ❑ FSGS ACTION3 Phase 3 study Part 1 data outcome and progression to Part 2
- ❑ Additional FSGS clinical sites/countries opened
- ❑ Diabetic Kidney Disease next study initiation
- ❑ COPD first human study initiation
- ❑ COVID-19 studies data outcome

James Williams
Non-Executive Chairman

Dear Shareholders,

It is with pleasure that I present Dimerix' Annual Report for the financial year ended 30 June 2022.

As with most businesses, the pandemic continued to present challenges for us, for our partners and, most critically, for our patients. Remaining focused on our purpose – developing and commercialising novel medicines for global markets – we have successfully navigated these challenges. Since the outset of the pandemic, we have been committed to making sure our development plans remain on track and to ultimately deliver patients the medicines they desperately need.

We have worked hard with our stakeholders – healthcare professionals, hospitals, pharmaceutical drug manufacturers, patients – and have responded quickly and effectively to their rapidly changing needs and demands, leveraging the depth of their knowledge and capabilities to further enhance our own. It is also not lost on us that the pandemic affected our ability to have face-to-face interactions with our shareholders and the investment community in general. We look forward to better operating parameters resuming now the worst of the pandemic has passed.

Throughout the year, our people have shown an unwavering commitment to meeting patient needs, despite the many challenges that were presented. We value our employees and have worked hard to make sure that they are benefitting from a strong culture and inclusive work environment and that they have attractive development opportunities. It is testament to our company that our team has remained stable during a period of intense competition for talent in our industry. On behalf of shareholders, I would like to thank the entire team and board for their dedication through the end of the pandemic.

Our commitment to quality

At Dimerix, we continue to stress the importance of quality and reliability. Quality underpins our business in different ways, be it the medicines we deliver to our clinical sites and patients, the facilities and processes we have in place to deliver on our plans, as well as the quality of our people. We maintain this quality focus through a variety of means, including internal quality culture campaigns, ongoing quality audits of our manufacturing sites and key suppliers run by our Quality team, and the continuous monitoring and improvement of quality metrics. It also gives our programs the best chances of commercial success.

Our commitment to quality calls on us to adhere to the highest ethical standards and to maintain the trust of our colleagues, stakeholders and ultimately the patients we serve.

Driving future growth

Dimerix has a solid product portfolio on which we look to build, with a focus on inflammatory diseases, and which will enable us to capitalise on the growth opportunities that best benefit our stakeholders and, importantly, all our shareholders.

We have a strategy in place to deliver on our goals whilst continuously managing our costs and risk, and I look forward to keeping you updated as we continue to grow.

Yours sincerely,

Dr James Williams
Non-Executive Chairman

CEO & Managing Director's Report

Nina Webster
CEO & Managing Director

Maintaining Strategic Focus

Despite the turmoil in international markets, we have once again made significant progress against our strategic goal, enabled by the strength of our team and our growing pipeline portfolio. This portfolio, which we have further scope to expand, is the product of a decade of careful and deliberate analysis of medical need and then identification, planning and execution on clinical development programs that aim to improve patients' health outcomes. As a team, we have worked hard to meet these needs by progressing through the clinical trials, as well as expand our commercial manufacturing capability and progress our potential partnerships globally.

Looking at our portfolio, DMX-200 for focal segmental glomerulosclerosis (FSGS) kidney disease in the ACTION3 global Phase 3 clinical trial is our flagship program. Importantly for shareholders, our progress made on the FSGS phase 3 trial has this year continued to offer investors a rare proposition for a late-stage life science opportunity, along with highly attractive potential future returns and strong growth prospects.

With the FSGS study recruiting patients across over 70 clinical sites globally and the expansion of our intellectual property strategies executed during the year, we remain on track to deliver the program on time and on budget, even in the face of adversity such as we have seen since the outbreak of the COVID pandemic more than two years ago.

In addition, our pipeline of products for patients with very few treatment options are commercially attractive, each with unique intellectual property, and each of which diversifies the development risk providing the prospect of delivering shareholders a potential for significant returns.

Research and Development

We have continued to invest in the future of the business. Research and development expenditure across our portfolio, rose to $14.4 million from $9.3 million in the same period a year ago.

Aside from the ACTION3 FSGS phase 3 study, key projects include the next diabetic kidney disease clinical trial to be conducted in collaboration with the Australian Centre for Diabetes Innovation (ACADI), the first in human Chronic Obstructive Pulmonary Disease (COPD) study for DMX-700, as well as data outcomes from the two investigator-led COVD-19 studies using DMX-200.

We were delighted to see our preclinical program in COPD deliver some outstanding data during the year, demonstrating a statistically significant 80% decline in lung injury in mice verses a control arm. This was extremely encouraging, and we are now preparing the first in humans clinical study design that we plan to initiate in the first half of 2023.

One disappointment this year was the delay to the data outcomes from the two COVID-19 studies that we originally anticipated in the first quarter of 2022 calendar year. Thanks largely to vaccines, the world has seen a decline in severe disease, thus shrinking the pool of potential study participants.[1] When COVID began in 2020, recruitment to the very early studies were quite quick as patients had no better options. Over time, it has become increasingly difficult to recruit, as people who do qualify for trials are more reluctant to take part, particularly when physicians can choose from other therapies.

Our two investigator-led study teams have worked hard to ensure patients were recruited to the DMX-200 study arms, and patient recruitment for both the REMAP-CAP and the CLARITY 2.0 studies have now closed. The REMAP-CAP and CLARITY teams are collating the data and conducting the analysis on those patients that were recruited into the study. Once the outcome has been shared with us, we will of course update the market.

Sustainability and People

Building on the prior year's stock take of our environmental, social and governance (ESG) performance, we have this year assessed ESG matters that are material to our business. We have also established a framework that will drive our efforts to realise the opportunities we see, manage the risks to our business and ensure we are meeting the expectations of stakeholders. While the process has demonstrated opportunities for further development, it was pleasing to see that we are effectively managing the relevant ESG issues. A key element of this plan is looking after our people and ensuring that we operate a culture that ensures we can attract and retain the talent we need. COVID has again presented numerous challenges for our people over the last year, including lock downs, social distancing, and the ongoing limits to face-to-face meetings and travel. We have worked hard to ease the burden on our people, but equally they have shown their strong commitment and enthusiasm for the task at hand. On behalf of shareholders, I also thank them for their ongoing efforts.

Outlook

The 2022 financial year has been another year of growth for Dimerix, as well as one of advancing our future ambition. We continue to see considerable opportunities to accelerate that growth and have significantly increased our product R&D pipeline activities. We also believe the gradual move worldwide to living with COVID and our ability to now travel across borders to meet with both existing and new potential partners will allow a gradual return to a more normal trading environment.

I am excited about how far we have come in the past few years, and by the opportunities we have for the future, as we continue to put potential new treatments within reach.

Dr Nina Webster
CEO & Managing Director

[1] *Sidik SM, (2022) New COVID drugs face delays as trials grow more difficult, Nature, 606, p637 doi: https://doi.org/10.1038/d41586-022-01602-5*

The directors of Dimerix Limited ("Dimerix" or "the Company") submit herewith the financial report of the Company and its subsidiary ("Group" or "Consolidated Entity") for the financial year ended 30 June 2022. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors
The names and particulars of the directors of the Group during or since the end of the financial year are:

Dr James Williams

Non-Executive Chairman, joined the Board on listing in July 2015 and was the CEO of unlisted Dimerix Bioscience Pty Ltd between 2007 and 2009. James is a Founder and Investment Director of Yuuwa Capital LP, a venture capital firm Australia and a Non-Executive Director of Yuuwa investee companies PolyActiva Pty Ltd and alternate Non-Executive Director of Adalta Limited (ASX:1AD). He is also a Non-Executive Director of the Perron Institute for Neurological and Translational Science, Demagtech Pty Ltd, Aleia Therapeutics Pty Ltd, SuperTrans Medical Ltd, and a member of the "Panel of Experts" for the University of Western Australia's Pathfinder Fund and a member of the Federal Government's Entrepreneur Program Committee.

Dr Nina Webster

CEO and Managing Director, joined the Board in August 2018. Nina has extensive experience in the pharmaceutical industry, with leadership roles across strategy, commercialisation, intellectual property, scientific and operational aspects of product development. Nina was formerly the Commercial Director for Acrux Limited (ASX: ACR), developing and commercialising 3 products globally. Nina has previously worked within Immuron Limited (ASX: IMC), and large Pharma, Wyeth Pharmaceuticals (UK). Nina is also a Non-Executive Director of Linear Clinical Research Limited.

Dr Sonia Poli

Non-Executive Director, joined the Board in July 2015. Dr Poli is an accomplished R&D professional with 20 years international experience in large and small pharmaceutical companies. Sonia is currently serving as Chief Scientific Officer at Minoryx. Sonia was formerly Executive Manager at AC Immune, a Nasdaq listed company, and has previously worked within Swiss Stock Exchange listed companies Hoffman la Roche and Addex Therapeutics.

Mr Hugh Alsop

Non-Executive Director, joined the Board in May 2017. Hugh is an accomplished and commercially focused executive with experience in international business development, partnering, drug development and leadership of scientific teams. Hugh is currently CEO of Kinoxis Therapeutics, a private company developing novel therapeutics for substance use disorders and other neurological conditions. Prior to Kinoxis, Hugh was CEO of venture-backed private company Hatchtech, and Director of Business Development at Acrux Limited (ASX:ACR), where he was responsible for several drug development programs for the international markets. Hugh is also a Non-Executive Director of private companies Servatus Ltd, Eflare Corporation Pty Ltd, Avalyn Australia Pty Ltd, AnaptysBio Pty Ltd and Lassen Therapeutics 1 Pty Ltd.

Directors shareholdings
The following table sets out each director's relevant interest in shares, debentures and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report:

Directors	Fully paid ordinary shares Number	Share options Number	Performance shares Number
James Williams	2,377,355	327,236	-
Sonia Poli	205,000	204,702	-
Hugh Alsop	-	167,202	-
Nina Webster	95,000	6,376,975	-

Share options granted to directors and senior management

During the financial year, the following options were granted to the directors:

No. of options	Option Type	Grantee
62,500	Placement	James Williams
264,736	Director	James Williams
37,500	Placement	Sonia Poli
167,202	Director	Sonia Poli
167,202	Director	Hugh Alsop
25,000	Placement	Nina Webster

Company secretary

Hamish George BCom, CA, GIA(Cert)

Hamish is a chartered accountant and has experience in providing financial advice and CFO services to businesses ranging from small start-ups to large established businesses with turnover of over $50 million. Hamish is a director at Bio101 Financial Advisory Pty Ltd, a financial services firm providing outsourced CFO, tax and company secretarial solutions to the life science sector. Hamish holds a Bachelor of Commerce from the University of Melbourne, a Diploma in Financial Planning from Kaplan Professional, a Masters Degree in Professional Accounting from RMIT and a Certificate in Governance Practice from the Governance Institute of Australia.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Unissued shares under option /performance shares

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Dimerix Limited	2,117,325	Ordinary	0.180	30/10/2023
Dimerix Limited	2,117,325	Ordinary	0.270	30/10/2023
Dimerix Limited	2,117,325	Ordinary	0.360	30/10/2023
Dimerix Limited	375,000	Ordinary	0.180	31/01/2024
Dimerix Limited	375,000	Ordinary	0.270	31/01/2024
Dimerix Limited	69,099,137	Ordinary	0.400	30/07/2024
Dimerix Limited	1,000,000	Ordinary	0.400	03/12/2025
Dimerix Limited	750,000	Ordinary	0.400	21/07/2026

The holders of these options and performance shares do not have the right to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme. During the year, 1,000,000 options were exercised and 70,099,137 options were issued.

Indemnity and insurance of officers and auditors
During the financial year, the Group paid a premium in respect of a contract insuring the directors of the Group (as named above), the company secretary and all executive officers of the Group and of any related body corporate against a liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Board of Directors	
	Attended	Held
Dr James Williams	13	14
Dr Sonia Poli	14	14
Mr Hugh Alsop	14	14
Dr Nina Webster	14	14

Held: represents the number of meetings held during the time the director held office.

Proceedings on behalf of the Group
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Non-audit services

In the event non-audit services are provided by the auditor, the Board has established procedures to ensure that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. These include:

- all non-audit services are reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 27 to the financial statements.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Operating and financial review
Principal activities

Dimerix is a biopharmaceutical company developing innovative new therapies in areas with unmet medical needs. Dimerix pursues new product concepts and applies deep scientific knowledge to the discovery of products from early stage development through to commercialisation. Dimerix products will target multiple global territories.

Dimerix is developing four product candidates: DMX-200 for FSGS; DMX-200 for diabetic kidney disease; DMX-200 for ARDS associated with COVID-19; and DMX-700 for COPD; as well as the proprietary Receptor-HIT assay technology.

Operating results

The loss for the Group for the year ended 30 June 2022 after providing for income tax amounted to $10,490,579 (30 June 2021: $6,371,734).

The year ended 30 June 2022 operating results are attributed to the following:

- Research and development expenditure of $14,389,424 (30 June 2021: $9,332,356);
- Corporate and administration expenses of $2,437,136 (30 June 2021: $1,559,841); and
- Share based payments expense of $129,842 (30 June 2021: $35,969)

Review of operations

Summary
During the year, the Group continued to focus on the development of Dimerix' DMX-200 drug candidate in both renal and respiratory indications: Focal Segmental Glomerulosclerosis (FSGS); and respiratory complications associated with COVID-19; as well as the next steps for Diabetic Kidney Disease and the development of Dimerix' DMX-700 pre-clinical asset in Chronic Obstructive Pulmonary Disease (COPD).

Dimerix progressed its FSGS Phase 3 clinical trial during the period, as well as supporting the two investigator-led studies in COVID-19 pneumonia. FSGS first ethics approval was announced on 21st October 2021; REMAP-CAP COVID-19 pneumonia study closed recruitment in June 2022, pending analysis; and CLARITY 2.0 COVID-19 study closed recruitment in August 2022, pending analysis.

In addition to progressing the Phase 3 studies, Dimerix continued to plan for the next development stage in Diabetic Kidney Disease and completed a pre-clinical study with DMX-700 for COPD.

The pipeline assets are all based on compelling scientific rationale and/or existing clinical data and are all in commercially attractive, growing markets, with little or no current competition, and which will not only diversify the risk of product failure but also diversify the sources of future revenue streams.

A summary of key announcements from the year is as follows:

- Phase 3 FSGS ACTION3 clinical trial now recruited 11 patients (15%) across multiple territories
- 60% of global ACTION3 sites open and actively recruiting; remaining sites anticipated to come online in the next 4-6 weeks
- DMX-700 Study Shows Significant 80% Reduction in Lung Injury[2]
- REMAP-CAP COVID-19 Study Analysis Underway[3][2]
- New Clinical Trial announced for DMX-200 in Diabetic Kidney Disease[4]
- Dimerix Presented at BIO International Partnering Convention[5]
- Phase 3 FSGS Kidney Trial Recruited First Patient[6]
- Dimerix presented at Bioshares Biotech Summit[7]
- FDA IND Approved for Phase 3 Study of DMX-200 in FSGS[8]
- Dimerix received A$3.7M R&D tax incentive rebate[9]
- FSGS phase 3 kidney study actively recruiting[10]
- 75 sites contracted across 12 countries to conduct FSGS Phase 3 study
- 11 of the 12 countries received ethics and/or regulatory approval to conduct FSGS study[11][
- A further new DMX-200 patent application submitted globally, bolstering patent protection to 2041 if granted
- Australian Government's BTB program $1 million grant awarded to Dimerix[12] completed during the quarter, with all milestones met and the full funds received
- Data Safety Monitoring Board (DSMB) make change to REMAP-CAP COVID-19 study[13]
- Dimerix appoints Chief Medical Officer[14]
- First regulatory approval in Europe for DMX-200 FSGS study[15]
- Patients dosed in DMX-200 COVID-19 phase 3 study in India[16]
- New DMX-200 patent application submitted globally, extending patent protection to 2042 if granted
  First Approvals Received for Start of Phase 3 FSGS Global Study[17]
- Dimerix Receives Further MRFF Funding for commercialisation of Dimerix lead candidate, DMX-200, in patients with COVID-19[18]
- Over 740 patients have been recruited to the REMAP-CAP domain that includes DMX-200
- DSMB Recommends Continuation of Phase 3 COVID-19 REMAP-CAP Study in Europe[19]
- Patients Dosed in DMX-200 CLARITY 2.0 COVID-19 Phase 3 Study in India, with first interim safety analysis expected to occur in the first quarter of 2022[20]
- Ethics Approval in Australia for Phase 3 CLARITY 2.0 COVID-19 Study[21]
- Phase 3 DMX-200 COVID-19 CLARITY 2.0 Study Expands into Australia[22]
- Dimerix Closes Share Purchase Plan Oversubscribed[23]
- AGM held on 27 September 2021
- Phase 3 global study in FSGS kidney patients commenced with first ethics and regulatory approval
- DMX-200 CLARITY COVID-19 study expanded into Australia
- DMX-200 CLARITY COVID-19 study approved in India
- Successful $4 million Share Purchase Plan closed oversubscribed
- Successful $20 million Placement to fund phase 3 trials announced
- DMX-200 COVID-19 study opened more sites in Europe and UK
- >400 patients recruited to the REMAP-CAP RAAS inhibition domain to date
- FDA confirmed phase 3 study endpoints in FSGS kidney disease

Overview of Company Strategy

Our goal is to develop patient-friendly products that treat unmet medical needs in important therapeutic areas. We pursue new product concepts and provide strong scientific know-how in the development of products from early-stage development through to commercialisation. Our products will target multiple global territories, with the initial focus predominantly on the United States market.

Dimerix strives to develop products to help patients with unmet medical needs and our investment in research and development includes the use of state-of-the-art technology and collaborating effectively with our partners to help those patients most in need.

Dimerix is adopting a diversified investment approach, targeting a range of specialty innovative new chemical entities (NCE's) along with re-purposed candidates which provides a balanced approach and reduced risk when compared with development of NCE's alone.

We do this by:

- Developing and applying our proprietary Receptor-HIT technology across a broad range of therapeutic classes, using existing drugs and new chemical entities.
- Establishing early-stage collaborative agreements with innovator pharmaceutical companies and institutes to enable rapid candidate evaluation and commercialisation of the technology.
- Evaluating how use of the Dimerix Receptor-HIT platform might provide enhanced clinical benefit in the management of diseases.
- Evaluating other opportunities through mergers, licensing and acquisitions that build the Dimerix pipeline.
- Developing strong proprietary positions through patents to maintain and extend competitive advantages for existing & new drugs.
- Creating a diversified portfolio of marketed products to generate future income streams.
- Building a solid product pipeline that has an attractive projected internal rate of return, with a collectively lower risk profile and faster pathway to approval.

---

[2] *ASX release 04Jul2022*
[3] *ASX release 27Jun2022*
[4] *ASX release 07Jun2022*
[5] *ASX release 06Jun2022*
[6] *ASX release 31May2022*
[7] *ASX release 12May2022*
[8] *ASX release 09May2022*
[9] *ASX 29Mar2022*
[10] *ClinicalTrials.gov Study Identifier: NCT05183646*
[11] *ASX investor presentation 29Mar2022*
[12] *ASX 03Sep2020*
[13] *ASX 28Feb2022*
[14] *ASX 07Feb22*
[15] *ASX 01Feb2022*
[16] *ASX 11Feb2022*
[17] *ASX 21 October 2021*
[18] *ASX 22 December 2021*
[19] *ASX 16 December 2021*
[20] *ASX 11 January 2022*
[21] *ASX 23 December 2021*
[22] *ASX 15 October 2021*
[23] *ASX 01 October 2021*

ESG Statement

Dimerix is committed to integrating Environmental, Social and Governance (ESG) considerations across the development cycle of its programs, processes and decision making. The Dimerix commitment to improve its ESG performance demonstrate a strong, well-informed management attitude and a values-led culture that is both alert and responsive to the challenges and opportunities of doing business responsibly and sustainably.

ESG Commitment

Environmental

We are adopting sustainable energy sources and processes and improving efficiency across our business by streamlining our operations and processes

Social

We take pride in the success, growth and empowerment of our employees. We strive to attract and nurture a talented workforce.
As at 30 June 2022, female employees represent 60% of the work force

Governance

We operate on behalf of our shareholders and strive to be a value creator to meet their expectations. We are continuously making efforts to raise the level of trust and confidence of all our stakeholders

The DMX-200 Program

DMX-200 is a compound called repagermanium (an alternative crystal packing of propagermanium that is identical in solution) that inhibits the cellular inflammation receptor known as C–C chemokine receptor type 2, or CCR2. It is administered as a capsule twice daily to patients already on standard of care treatment (angiotensin receptor blocker or ARB). DMX-200 has never been approved by regulators in the USA, Europe or Australian. As such, DMX-200 is considered a New Chemical Entity (NCE) in these jurisdictions. The related compound known as propagermanium, at a different dose and formulation, has been approved by the Japanese regulatory agency for use in a different condition, providing DMX-200 with a known safety profile which can therefore reduce development times and costs.

Following the two DMX-200 Phase 2 renal studies that were successfully completed in 2020, Dimerix commenced a pivotal Phase 3 clinical study for DMX-200 in FSGS during the 2022 financial year, titled ACTION3. In parallel, DMX-200 is being studied in two different investigator-led studies in patients with COVID-19. Dimerix has also engaged with the Australian Centre for Diabetes Innovation (ACADI) to collaborate on a potential further study in patients with Diabetic Kidney Disease.

DMX-200 Market Background

Renal

Without adequate management, the progressive nature of kidney disease inevitably results in poor prognosis for patients. It most often results in total kidney failure and a poor quality of life. When the kidneys fail, it means they have stopped working well enough for the patient to survive without dialysis or a kidney transplant. A kidney transplant costs in the region of $260,000 per patient,[24] with ongoing and expensive anti-rejection drugs also costing thousands of dollars per year, and dialysis costs in the region of $100,000 per patient per year.[24] Moreover, dialysis requires regular visits, totalling over 12 hours per week to the medical facility[25] - a huge burden on both the patient and the healthcare system. DMX-200 has the potential to increase the life of the kidney, reducing the burden for both the patient and the healthcare system.

Focal Segmental Glomerulosclerosis

FSGS is a rare disease that attacks the kidney's filtering units, where blood is cleaned (called the 'glomeruli'), causing irreversible scarring. This leads to permanent kidney damage and eventual end-stage failure of the organ, requiring dialysis or transplantation. For those diagnosed with FSGS the prognosis is not good. The average time from a diagnosis of FSGS to the onset of complete kidney failure is only five years and it affects both adults and children as young as two years old.[26] For those who are fortunate enough to receive a kidney transplant, approximately 40% will get re-occurring FSGS in the transplanted kidney.[27] At this time, there are no drugs specifically approved for FSGS anywhere in the world, so the treatment options and prognosis are poor.

FSGS is a billion-dollar plus market: the number of people with FSGS in the US alone is just over 80,000, and worldwide about 210,000.[28] The illness has a global compound annual growth rate of 8%, with over 5,400 new cases diagnosed in the US alone each year.[27] Because there is no effective treatment, Dimerix has received Orphan Drug Designation for DMX-200 in both the US and Europe for FSGS. This is a special status granted to a drug to treat a rare disease or condition; the designation means that DMX-200 can potentially be fast-tracked, and receive tax and other concessions to help it get to market.

Diabetic Kidney Disease

There were 23 million diagnosed diabetics in the US in 2017,[29] and the incidence of diabetes is estimated to grow by 54% by the year 2040.[30] It is estimated that approximately 40% of all diabetics suffer from kidney disease leading to kidney failure and dialysis. There is no cure for diabetic kidney disease, and current treatment options are ineffective as the kidneys deteriorate towards failure. The current treatment options include medications to reduce high blood pressure or glucose content in the blood, dialysis or kidney transplant. The progressive nature of kidney disease inevitably results in poor outlook for patients, as it most often results in total kidney failure and a poor quality of life.

---

[24] *Pockros B et al (2021), Dialysis and Total Health Care Costs in the United States and Worldwide, Journal of the American Society of Nephrology, 32 (9) 2137-2139*

[25] *Kidney Health Australia (2022); Haemodialysis: https://kidney.org.au/uploads/resources/haemodialysis-photosheet.pdf*

[26] *Guruswamy Sangameswaran KD, Baradhi KM. (2021), Focal Segmental Glomerulosclerosis: https://www.ncbi.nlm.nih.gov/books/NBK532272/*

[27] *DelveInsight Market Research Report (2020); Focal Segmental Glomerulosclerosis (FSGS)- Market Insight, Epidemiology and Market Forecast -2030*

[28] *NephCure Kidney International (2020); Focal Segmental Glomerulosclerosis, online https://nephcure.org/livingwithkidneydisease/understanding-glomerular-disease/understanding-fsgs/*

[29] *US National Diabetes Statistics Report, 2017. [ONLINE] Available at https://www.cdc.gov/diabetes/pdfs/data/statistics/national-diabetes-statistics-report.pdf*

[30] *Diabetic Kidney Disease: Challenges, Progress, and Possibilities, American Journal of Nephrology, 2017*

Respiratory Complications associated with COVID-19

Patients hospitalised with COVID-19 typically have acute lung dysfunction due to the human immune response to the virus. However, while the long-term effects on the lung from COVID-19 remain largely unknown, it is widely accepted that COVID-19 will result in acute injury in the same way as previous coronavirus infections such as SARS and MERS. As such, it is likely to result in chronic lung fibrosis in many patients, leading to poor quality of life, high ongoing hospitalisation requirements and ultimately a poor prognosis.

Globally, and prior to COVID-19, ARDS affected more than 3 million people a year in 2019 accounting for 10-15% of intensive care unit admissions, and approximately 200,000 patients each year in the United States.[31] The global ARDS market is expected to grow at 10.1% (CAGR) between 2022 and 2029 and is expected to reach over US$18 billion by 2029.[32] Increasing prevalence and incidence of acute lung injury, wide range of risk factors for ARDS and acceleration in patient pool of COVID-19 with ARDS acts as driver for the ARDS market. The death rate associated with ARDS is high, with overall mortality between 30 and 40%.[31] The estimated average costs of treatment in an ICU unit with artificial ventilation total approximately US$100,000 per patient, with the average length of stay in ICU as a result of ARDS being 25 days, and the average length of hospitalisation being approximately 47 days.[33] However, there are also significant costs associated with additional post-discharge treatment.

There is no known prevention of ARDS currently available, nor is there any known cure. Because there is no direct cure for ARDS the treatment is focused on supporting the patient while the lung heals. The goals of this supportive care are to keep enough oxygen in the blood to prevent further damage to the body and to treat whatever caused ARDS in the first place.

Dimerix's clinical drug candidate, DMX-200, was selected by investigators for inclusion in two studies for patients with respiratory complications associated with COVID-19, one in COVID-19 with moderate to severe pneumonia and one in an earlier stage of respiratory complications, prior to the onset of pneumonia.

DMX-200 aims to reduce damage from inflammatory cells by blocking their signalling and limiting subsequent onset of fibrosis.

The company's approach is based on a clear scientific rationale, is unique and potentially complementary to others being investigated globally, and importantly if effective in this study, would likely be effective against any strain as well as potentially other pneumonias with a common mechanism of action.[34]

Antiviral medications are typically effective at preventing damage caused by a virus when administered within 3-5 days of infection (when many are asymptomatic), as the treatment aims to minimise viral replication.[35] In contrast, DMX-200 does not rely on early inhibition of viral replication but aims to prevent the damaging immune response and lung flooding regardless of vaccination or antiviral treatment. As such, DMX-200 may be beneficial for patients with a wide range of respiratory diseases in addition to the various COVID-19 variants.[34]

---

[31] *REMAP-CAP background: https://www.remapcap.org/background*

[32] *DataBridge Market Research 2022, https://www.databridgemarketresearch.com/reports/global-acute-respiratory-distress-syndrome-ards-market*

[33] *Bice, T et al, (2013) Cost and Healthcare Utilization in ARDS – Different from Other Critical Illness?, Semin Respir Crit Care Med. 2013; 34(4): 529–536*

[34] *Based on Szabo, et al., 2020; Merad, et al., 2020; Xiong, et al, 2020; Wu, et al., 2021; Chen, et al., 2009; Yong, et al., 2016*

[35] *Brown L et al (2021) Early antiviral treatment in outpatients with COVID-19 (FLARE): a structured summary of a study protocol for a randomised controlled trial: DOI: 10.1186/s13063-021-05139-2*

The DMX-700 Program

IL-8 is produced by epithelial cells, airway smooth muscle cells and endothelial cells, and, in many chronic inflammatory diseases including Chronic Obstructive Pulmonary Disease (COPD), is expressed at elevated levels leading to abnormal recruitment of neutrophils that cause damage to the lung tissue. Prior studies have shown that inhibiting signalling of Interleukin 8 receptor beta (IL-8Rβ) reduces neutrophil movement and subsequently reduces mucus production and inflammation in COPD.

The DMX-700 drug candidate has been shown to block IL-8Rβ (also known as CXCR2) and angiotensin II receptor type 1 (AT1R) that have been independently implicated in the pathophysiology of COPD. Novel findings on molecular pharmacology profiling, using a number of techniques including using Receptor-HIT, has demonstrated that the DMX-700 drug candidate abolished receptor signalling involved in neutrophil recruitment.

During the period, the activity of DMX-700 was tested in mice using an oral dose delivery in the porcine pancreatic elastase (PPE) model of COPD. This model is the mostly commonly used COPD model as it mimics the inflammatory response (effect of activated neutrophils) in the lungs of mice and leads to breakdown of lung tissue and emphysema (shortness of breath). DMX-700 resulted in a statistically significant 80% ($p<0.01$, $n=6$) reduction in the PPE-induced lung injury in mice. In contrast inhibiting only AT1R or IL-8Rβ individually had no statistically significant effect on lung injury induced by PPE.

The very encouraging and statistically significant pre-clinical data strongly supports further development of DMX-700. Dimerix assessed three different IL-8Rβ inhibitors with an AT1R inhibitor in the pre-clinical model, with all three IL-8β inhibitors demonstrating strong efficacy outcomes and all covered by Dimerix intellectual property. Further intellectual property has been identified and an additional patent application is underway. The DMX-700 compounds individually have a known safety profile in human studies, meaning DMX-700 may potentially move directly into clinical studies, subject to regulatory approval(s). The clinical trial will now be designed, along with any further required nonclinical safety studies, with the initial clinical study expected to commence first half 2023.

DMX-700 Market Background

COPD is a progressive and life-threatening lung disease. The most common cause of COPD is exposure to tobacco smoke (either active smoking or secondary smoke), however is also caused by exposure to indoor and outdoor air pollution, occupational dusts and fumes and long-term asthma.[36]

COPD is the third-leading cause of death in the world, causing 3.23 million deaths globally in 2019.[37] In the United States, COPD affects 1 in 8 Americans age 45 and older,[37] and 1 in 20 Australia aged 45 years,[38] but millions more may have the disease without even knowing it.[39] Although treatments exist to improve the symptoms of COPD, there is currently no way to slow progression of the condition or cure it.

The global COPD treatment market was valued at US$17.68 billion in 2021 and is projected to grow at a Compound Annual Growth Rate (CAGR) of 7.28% to reach US$27 billion by 2027.[40]

---

[36] *WHO Fact Sheet COPD (2022) online: https://www.who.int/news-room/fact-sheets/detail/chronic-obstructive-pulmonary-disease-(copd)*

[37] *NIH National COPD Action Plan (2021) online: https://www.nhlbi.nih.gov/health-topics/education-and-awareness/COPD-national-action-plan*

[38] *Australian Government, Institute of Health and Welfare (2020): online: https://www.aihw.gov.au/reports/asthma-other-chronic-respiratory-conditions/copd-chronic-obstructive-pulmonary-disease/contents/deaths*

[39] *American Lung Association Fact Sheet (2022), online: https://www.lung.org/lung-health-diseases/lung-disease-lookup/copd/learn-about-copd*

[40] *Chronic Obstructive Pulmonary Disease Therapeutics Market Research Report (2022) online: https://www.researchandmarkets.com/reports/4989588/chronic-obstructive-pulmonary-disease*

There is a significant unmet need in COPD, which is recognised by key organisations such as the National Institutes of Health (NIH) and globally by the World Health Organization (WHO) and the Centers for Disease Control and Prevention (CDC). In 2021 the NIH released the revised COPD National Action Plan in an effort to support research, diagnosis and treatment of the disease.[37] Following this recognition, in 2018 the FDA issued revised guidance to help sponsors developing drugs to treat COPD.[39] The new guidance will enable shorter clinical trials using surrogate and patient-reported endpoints.

Intellectual Property

Dimerix has multiple granted patents covering DMX-200 in numerous key territories, with additional patent applications underway. The granted US patents cover the use of any CCR2 antagonist (e.g. DMX-200) in patients receiving any angiotensin receptor blocker (e.g. irbesartan), for various indications including kidney and respiratory diseases. As such, the granted patents cover more than just DMX-200, which strengthens the company's competitive position and may be used to block some competitor product development plans. The granted therapeutic use patents are set to expire in 2033, and new patent applications are expected to be filed in due course.

During the period, two additional new patent applications covering DMX-200 were filed globally, titled 'Treatment of Inflammatory Diseases' (PCT/AU2022/050249) and 'Compositions Comprising a Chemokine Receptor Pathway Inhibitor' (PCT/AU2022/050013), with a priority date of 25 March 2021 and 14 January 2022 respectively. If granted, the patent application, PCT number, could extend and broaden the protection for DMX-200 until at least March 2041 and January 2042 respectively.

Dimerix progressed the two international PCT patent applications for the use of any CCR2 inhibitor in respiratory complications, including for COVID-19 as well as other causes, with national phase filings extended into key commercial territories. The patent applications, titled "Treatment for Virus Induced Acute Respiratory Distress Syndrome" or "Treatment for Acute Respiratory Distress Syndrome", if granted, would expire post 2041.

Dimerix also progressed the international PCT patent application for DMX-700, again with national filings extended into key commercial territories. The PCT patent application was filed in September 2020 and if granted, would expire post 2040. It is anticipated that DMX-700 will be protected by Composition of Matter patents, Formulation patents and Method of Use patents, providing a strong competitive position.

The current intellectual property strategy is aligned with the Dimerix business strategy and objectives. Dimerix continuously monitors the competitive landscape to identify, assess and minimise any IP risks, and to strengthen the Dimerix IP position.

Commercial Manufacturer

The development of Dimerix manufacturing capabilities has significantly progressed throughout the period. Dimerix established the scalable manufacturing process and the development of validated analytical methods for pharmaceutical grade DMX-200, and completed clinical batch manufacture, which is an essential component of the product development program and will support global marketing authorisations (including US FDA), commercialisation and partnering activities.

Commercial scale manufacture and product packaging are often components of the product development process that can delay marketing authorisation, since stability testing of the final product must be completed in real time. By developing robust manufacturing processes and conducting commercial scale batch manufacture at this stage of development, and placing this on stability testing using validated methods, Dimerix can ensure that the appropriate stability and shelf-life of the product is known at the time of submitting the NDA, thus helping to avoid delays in the marketing authorisation process. The manufacturing package is also likely to add value to any potential partner transaction.

Liquidity and capital resources

Dimerix ended the financial year with cash of $9,629,756, and expects to receive a Research and Development tax incentive refund of $6,032,644 following 30 June 2022, further boosting capital resources.

Financial position

	30 June 2022 $	30 June 2021 $
Cash and cash equivalents	9,629,756	5,250,094
Net assets / total equity	14,422,640	1,468,499
Contributed equity	50,895,134	28,389,114
Accumulated losses	(38,298,146)	(27,807,567)

The directors believe the Group is in a strong and stable financial position to expand and grow its current operations.

Significant changes in state of affairs

There were no significant changes in the state of affairs in the year ended 30 June 2022.

Events after the reporting period

On 21 July 2022, 750,000 options were issued to Ashish Soman at $0.40 expiring 21 July 2026.
On 9 August 2022, 750,000 options have expired.

Apart from the above, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Future developments, prospects and business strategies

Dimerix continues to progress its renal program, firstly with its ACTION3 Phase 3 clinical trial in FSGS and following in behind, a further study in diabetic kidney disease patients in collaboration with the Australian Centre for Diabetes Innovation. To support the FSGS global Phase 3 study, IQVIA has been appointed as the lead Contract Research Organisation (CRO). IQVIA is the largest global CRO and has extensive and recent experience in running late-stage global FSGS clinical studies. Over 70 sites are planned for Part 1 of the study, with sites being initiated on a country-by-country basis.

Dimerix is also progressing its DMX-700 program in Chronic Obstructive Pulmonary Disease, with the first in humans clinical study initiation anticipated during the first half of 2023.

Dimerix continues to support both investigator-led clinical studies in COVID-19 patients driven by the REMAP-CAP and CLARITY 2.0 teams. The REMAP-CAP and CLARITY teams are collating the data and conducting the analysis on those patients that were recruited into the study. Dimerix looks forward to reporting on outcomes as soon as they are available.

Dimerix has continued to progress its commercial manufacturing capabilities through an FDA approved global contract manufacturing organisation based in the US. The US FDA regulates the manufacturing and quality of pharmaceuticals. The main regulatory standard for ensuring pharmaceutical quality is the Good Manufacturing Practice (GMP) regulation for human pharmaceuticals. Patients expect that each batch of medicines they take will meet quality standards so that they will be safe and effective.

Environmental regulation

The Group's operations are not subject to any significant environmental regulation under Australian Commonwealth or State law.

Remuneration report (audited)
This remuneration, which forms part of the directors' report, sets out information about the remuneration of Dimerix Limited's key management personnel for the financial year ended 30 June 2022. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel
- remuneration policy
- relationship between the remuneration policy and Group performance
- remuneration of key management personnel
- key terms of employment contracts.

Key management personnel
The directors and other key management personnel of the Group during the financial year were:

Non-executive directors	Position
Dr James Williams	Non-executive Chairman
Dr Sonia Maria Poli	Non-executive Director
Mr Hugh Alsop	Non-executive Director

Executive Employees	Position
Dr Nina Webster	Chief Executive Officer/Managing Director
Dr Ashish Soman (Appointed on 5 April 2022)	Chief Medical Officer

The named persons held their current position for the whole of the financial year or date of appointment and since the end of the financial year.

Remuneration policy
The board of directors of the Group is currently responsible for determining and reviewing compensation arrangements for key management personnel. The Group does not currently operate a Remuneration Committee. The remuneration policy, which is set out below, is designed to promote superior performance and long-term commitment to the Group.

Non-executive directors' remuneration
Non-executive directors and Chairman are remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or salary sacrifice into equity and do not normally participate in schemes designed for the remuneration of executives.

Shareholders approval must be obtained in relation to the overall limit set for the non-executive directors' fees. The maximum aggregate remuneration approved by shareholders for non-executive directors is $500,000 per annum. The directors set the individual non-executive director fees within the limit approved by shareholders. Non-executive directors are not provided with retirement benefits, other than superannuation.

Executive director remuneration
Executive directors receive a base remuneration which is at market rates, and may be entitled to performance based remuneration, which is determined on an annual basis. Overall remuneration policies are subject to the discretion of the board and can be changed to reflect competitive and business conditions where it is in the interests of the Group and shareholders to do so. Executive remuneration and other terms of employment are reviewed annually by the board having regard to the performance, relevant comparative information and expert advice.

The board's remuneration policy reflects its obligation to align executive remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Group. The main principles are:
- remuneration reflects the competitive market in which the Group operates;
- individual remuneration should be linked to performance criteria if appropriate; and
- executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives consists of the following:

- salary – executives receive a fixed sum payable monthly in cash plus superannuation at relevant minimum statutory superannuation contribution;
- cash at risk component – executives may participate in share and option schemes generally made in accordance with thresholds set in plans approved by shareholders if deemed appropriate. However, the board considers it appropriate to issue shares and options to executives outside of approved schemes in exceptional circumstances;
- other benefits – executives may, if deemed appropriate by the board, be provided with a fully expensed mobile phone and other forms of remuneration; and
- performance bonus.

The board has not formally engaged the services of a remuneration consultant to provide recommendations when setting the remuneration received by directors or other key management personnel during the financial year.

Relationship between the remuneration policy and Group performance
The board considers that at this time, evaluation of the Group's financial performance using generally accepted measures such as profitability, total shareholder return or per Group comparison are not relevant as the Group is in the process of multiple phase 3 trials as outlined in the directors' report.

Remuneration of key management personnel

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

2022

	Short-term benefits Salary and fees $	Short-term benefits Bonus[1] $	Short-term benefits Other[2] $	Post-employment benefits Superannuation $	Share based payment Options $	Total $	Performance related % %
Sonia Poli	60,000	-	-	-	26,339	86,339	-
Hugh Alsop	54,545	-	-	5,455	26,339	86,339	-
James Williams	86,364	-	26,000	11,236	41,703	165,303	-
Nina Webster (CEO)	340,976	126,563	22,585	23,568	3,249	516,941	26%
Ashish Soman	75,040	-	5,772	5,892	-	86,704	-
Total	616,925	126,563	54,357	46,151	97,630	941,626	

[1] Performance bonus for the year based on agreed criteria. Bonus split as $65,187 relating to FY2021 and $61,376 relating to FY2022.
[2] Other comprises annual leave expense and long service leave expense for the year and a one off payment to James Williams in relation to additional services performed during the financial year.

2021

	Short-term benefits Salary & fees $	Short-term benefits Bonus[2] $	Short-term benefits Other[1] $	Post-employment benefits Superannuation $	Share based payment Options $	Total $	Performance related % %
Sonia Poli	60,000	-	-	-	-	60,000	-
Hugh Alsop	58,699	-	-	1,301	-	60,000	-
James Williams	86,758	-	-	8,242	-	95,000	-
Nina Webster (CEO)	334,290	-	17,464	21,694	34,401	407,849	8%
Total	539,747	-	17,464	31,237	34,401	622,849	

[1] Other comprises annual leave expense for the year
[2] Performance bonus for the year based on agreed criteria

No key management personnel appointed during the year received a payment as part of his or her consideration for agreeing to hold the position.

Bonuses and share-based payments granted as compensation for the current financial year

Bonuses
Nina Webster achieved the milestones for a performance bonus of $65,187 relating to FY2021 and $61,376 relating to FY2022. (30 June 2021: No bonuses awarded.)

Incentive share-based payments arrangements
599,140 options were issued to key management personnel as remuneration during the year (30 June 2021: nil). No share options were exercised by key management personnel during the year (30 June 2021: nil).

The total share-based payment expense amortised for the financial year ended 30 June 2022 in relation to key management personnel was $97,630 (30 June 2021: $34,401).

No directors options were cancelled in 2022.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Key terms of employment contracts
Dr James Williams

On 1 April 2019 Dr James Williams terms as Non-Executive Chairman were reconfirmed and his remuneration and other terms of appointment were formalised in a revised letter of appointment, the key terms and conditions of which are:

- Term of Agreement – monthly until termination by the Company or until the next AGM.
- No entitlement to any compensation or damage or payment of any further director's fees for any period after termination
- Remuneration of $80,000 per annum inclusive of superannuation.

From 01 July 2020 remuneration increased to $95,000 per annum inclusive of superannuation.

Dr Sonia Poli

On 3 July 2015, Dr Sonia Poli was appointed as Non-Executive Director and her remuneration and other terms of appointment were formalised in a letter of appointment, the key terms and conditions of which are:

- Term of agreement – monthly until termination by the Company or until the next AGM.
- No entitlement to any compensation or damage or payment of any further director's fees for any period after termination
- Remuneration of $45,000 per annum (plus GST if applicable).

From 01 July 2020 remuneration increased to $60,000 per annum.

Mr Hugh Alsop

On 1 May 2017 Mr Hugh Alsop was appointed as Non-Executive Director and the terms of the appointments were formalised in a letter of appointment with the following key terms and conditions:

- Term of agreement – monthly until termination by the Company or until the next AGM.
- No entitlement to any compensation or damage or payment of any further director's fees for any period after termination.
- Remuneration of $45,000 per annum (inclusive of superannuation).

From 01 July 2020 remuneration increased to $60,000 per annum inclusive of superannuation.

Dr Nina Webster

On 27 August 2018 Nina Webster was appointed CEO and Managing Director with the following key terms and conditions:

- Remuneration of $303,900 per annum exclusive of superannuation and short-term incentives of up to 30% base salary against agreed stretch milestones.
- Term of agreement – employment may be terminated by either party giving three month's notice.

From 01 July 2021, remuneration increased to $340,976 per annum exclusive of superannuation.

From 01 July 2022 remuneration increased to $349,501 per annum exclusive of superannuation.

Dr Ashish Soman

On 5 April 2022 Ashish Soman was appointed Chief Medical Officer with the following key terms and conditions:

- Remuneration of $333,568 per annum inclusive of superannuation and short-term incentives of up to 25% base salary against agreed stretch milestones.
- Term of agreement – employment may be terminated by either party giving three month's notice.

From 05 July 2022 remuneration increased to $343,568 per annum inclusive of superannuation.

On appointment to the board, all non-executive directors are required to sign a letter of appointment with the Company. The letter of appointment summarises the Board policies and terms, including compensation relevant to the office or director.

Key management personnel equity holdings

Fully paid ordinary shares of Dimerix Limited
2022

	Balance at 1 July	Received as part of remuneration	Additions	Disposals/ others	Balance at 30 June
Sonia Poli [1]	130,000	-	75,000	-	205,000
Hugh Alsop [2]	-	-	-	-	-
James Williams [1]	2,252,355	-	125,000	-	2,377,355
Nina Webster [3]	45,000	-	50,000	-	95,000
Ashish Soman [4]	-	-	-	-	-
	2,427,355	-	250,000	-	2,677,355

2021

	Balance at 1 July	Received as part of renumeration	Additions	Disposals/ others	Balance at 30 June
Sonia Poli [1]	130,000	-	-	-	130,000
Hugh Alsop [2]	-	-	-	-	-
James Williams [1]	2,252,355	-	-	-	2,252,355
Nina Webster [3]	45,000	-	-	-	45,000
	2,427,355	-	-	-	2,427,355

[1] Appointed 3 July 2015
[2] Appointed 1 May 2017
[3] Appointed 27 August 2018
[4] Appointed 5 April 2022

Share options of Dimerix Limited

2022

	Opening balance at 1 July No.	Granted as compensation No.	Granted from capital raise No.	Exercised/ Cancelled No.	Closing balance at 30 June No.	Balance vested at 30 June No.	Vested and exercisable No.	Options vested during year No.
Sonia Poli	-	167,202	37,500	-	204,702	204,702	204,702	204,702
Hugh Alsop	-	167,202	-	-	167,202	167,202	167,202	167,202
James Williams	-	264,736	62,500	-	327,236	327,236	327,236	327,236
Nina Webster	6,351,975	-	25,000	-	6,376,975	6,376,975	6,376,975	1,058,662
Ashish Soman	-	-	-	-	-	-	-	-

2021

	Opening balance at 1 July No.	Granted as compensation No.	Exercised/ Cancelled No.	Closing balance at 30 June No.	Balance vested at 30 June No.	Vested and exercisable No.	Options vested during year No.
Sonia Poli	125,000	-	(125,000)	-	-	-	-
Hugh Alsop	125,000	-	(125,000)	-	-	-	-
James Williams	175,000	-	(175,000)	-	-	-	-
Nina Webster	6,351,975	-	-	6,351,975	5,293,313	5,293,313	2,117,325

Dimerix Limited and controlled entity
Directors' report
30 June 2022

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

____
Dr James Williams
Chairman

29 August 2022
Melbourne, Victoria

Stantons

PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

29 August 2022

Board of Directors
Dimerix Limited
425 Smith St
Fitzroy, Victoria 3065

Dear Directors

RE: DIMERIX LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Dimerix Limited.

As Audit Director for the audit of the financial statements of Dimerix Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

Martin Michalik
Director

Liability limited by a scheme approved under Professional Standards Legislation

Russell Bedford
taking you further

Stantons Is a member of the Russell Bedford International network of firms

Stantons

PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIMERIX LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Dimerix Limited ("the Company"), and its subsidiary ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit

Accounting for Research and Development tax incentives and other government incentives

The Group obtains Research and Development ("R&D") tax incentive payments from the Australian Government that reduces the net overall cost incurred by the Group with respect to its R&D activities. During the year, the Group recognised R&D tax incentive and a corresponding receivable of $6,032,644 under the relevant scheme for the 2022 financial year. (Refer to Note 6 to the consolidated financial statements. The accounting policy is outlined in Note 2.6).

In addition, the Group also recognised other government incentives which amounted to $430,811 during the year in relation to the grant from the Australian Government's Medical Research Future Fund through the Biomedical Translation Bridge program that has been awarded to the Group. Refer to Notes 6 and 30 to the consolidated financial statement.

Accounting for R&D tax incentives and other government incentives are considered a key audit matter because of the judgment involved in assessing the appropriate quantum of R&D tax incentive and other government incentives to be recognised based on the eligibility rules and regulations governing these tax incentives.

Inter alia, our audit procedures included the following:

<u>*R&D tax incentive:*</u>

i. Developed an understanding of the government eligibility requirements for obtaining the R&D tax incentive and the basis used by the Group to recognise this incentive;

ii. Tested samples of expenditure including employee costs allocated by the Group to R&D activities to supporting documentation;

iii. Compared the R&D tax incentive amounts recorded by the Group and subsequently received relating to the 2021 financial year to supporting documentation;

iv. Compared the Group's calculations of the R&D tax incentive to the prior year approved R&D tax incentive calculations; and

v. Evaluated the adequacy of the disclosures made by the Group in the consolidated financial report in view of the requirements of the Australian Accounting Standards.

<u>*Other government incentives:*</u>

i. Inspected the agreements between the Group and the relevant parties and understand the conditions attached to the respective grants and respective application and approval procedures;

ii. Evaluated whether the conditions attached to the grants have been met and traced the income recognised to underlying supporting documents; and

iii. Evaluated the adequacy of the disclosures made by the Group in the consolidated financial report in view of the requirements of the Australian Accounting Standards.

Share-based payments – share options

The Group awarded share-based payment in the form of share options. The Group used the Black-Scholes model in valuing the share-based awards, based on the vesting conditions attached to each tranche.

Inter alia, our audit procedures included the following:

i. Reviewed ASX announcements, agreements and other relevant supporting documents to confirm terms of options and vesting conditions;

Key Audit Matters	How the matter was addressed in the audit
The Group has performed calculations to record the related share-based payment movement of $938,700 in reserves as at 30 June 2022 (Refer to Notes 18 and 22 to the consolidated financial statements). Due to the complex nature of the transaction and estimates used in determining the valuation of the share-based payment arrangement and vesting expense, we consider the Group's calculation of the share-based payment expense to be a key audit matter. In determining the fair value of the awards and related expense, the Company used assumptions in respect of future market and economic conditions.	ii. Assessed the assumptions used in the Group's valuation of share options being the share price of the underlying equity, interest rate, volatility, dividend yield, time to maturity (expected life) and grant date; iii. Assessed the fair value of the calculation through re-performance of the Black-Sholes model; and iv. Evaluated the adequacy of the disclosures made by the Group in the consolidated financial report in view of the requirements of the Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly, we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Stantons

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Stantons

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in page 21 to 26 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Dimerix Limited for the year ended 30 June 2022 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
29 August 2022

Dimerix Limited and controlled entity
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached consolidated financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached consolidated financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;

- the attached consolidated financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

____

Dr James Williams
Chairman

29 August 2022
Melbourne, Victoria

Dimerix Limited and controlled entity
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	30 June 2022 $	30 June 2021 $
Continuing operations			
Revenue	5	2,368	1,506
Other Income	6	6,463,455	4,554,926
Expenses			
Research and development expenses		(14,389,424)	(9,332,356)
Corporate administration expenses	7	(2,437,136)	(1,559,841)
Share-based payment expenses	22	(129,842)	(35,969)
Loss before income tax expense		**(10,490,579)**	**(6,371,734)**
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of Dimerix Limited	19	**(10,490,579)**	**(6,371,734)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Dimerix Limited		**(10,490,579)**	**(6,371,734)**
		Cents	**Cents**
Basic and diluted earnings per share	9	(3.56)	(3.22)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Dimerix Limited and controlled entity
Consolidated statement of financial position
As at 30 June 2022

	Note	30 June 2022 $	30 June 2021 $
Assets			
Current assets			
Cash and cash equivalents	25	9,629,756	5,250,094
Trade, other receivables and prepayments	10	6,785,690	4,126,365
Right-of-use asset	11	72,973	42,823
Total current assets		**16,488,419**	**9,419,282**
Non-current assets			
Property, plant and equipment	12	8,607	1,422
Total non-current assets		**8,607**	**1,422**
Total assets		**16,497,026**	**9,420,704**
Liabilities			
Current liabilities			
Trade and other payables	13	1,862,688	2,793,858
Borrowings	14	-	5,050,000
Lease liabilities	11	52,117	43,093
Provisions	15	108,838	65,254
Total current liabilities		**2,023,643**	**7,952,205**
Non-current liabilities			
Lease liabilities	11	20,982	-
Provisions	15	29,761	-
Total non-current liabilities		**50,743**	-
Total liabilities		**2,074,386**	**7,952,205**
Net assets		**14,422,640**	**1,468,499**
Equity			
Issued capital	17	50,895,134	28,389,114
Reserves	18	1,825,652	886,952
Accumulated losses	19	(38,298,146)	(27,807,567)
Total equity		**14,422,640**	**1,468,499**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Dimerix Limited and controlled entity
Consolidated statement of changes in equity
For the year ended 30 June 2022

	Issued capital $	Reserves $	Accumulated Losses $	Total equity $
Balance at 1 July 2020	28,344,114	850,983	(21,435,833)	7,759,264
Loss after income tax expense for the year	-	-	(6,371,734)	(6,371,734)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(6,371,734)	(6,371,734)
Issue of ordinary shares (Note 17)	45,000	-	-	45,000
Recognition of share-based payments (Note 18)	-	35,969	-	35,969
Balance at 30 June 2021	28,389,114	886,952	(27,807,567)	1,468,499

	Issued capital $	Reserves $	Accumulated Losses $	Total equity $
Balance at 1 July 2021	28,389,114	886,952	(27,807,567)	1,468,499
Loss after income tax expense for the year	-	-	(10,490,579)	(10,490,579)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	**(10,490,579)**	**(10,490,579)**
Issue of ordinary shares	24,554,874	-	-	24,554,874
Share issue costs (Note 17)	(2,048,854)	-	-	(2,048,854)
Recognition of share-based payments (Note 18)	-	938,700	-	938,700
Balance at 30 June 2022	**50,895,134**	**1,825,652**	**(38,298,146)**	**14,422,640**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Dimerix Limited and controlled entity
Consolidated statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipt of Research and Development tax refund		3,695,562	2,338,254
Other government grants and incentives		473,893	797,882
Other income		-	116,717
Payments to suppliers and employees		(17,607,760)	(9,614,797)
Interest received		2,368	1,506
Net cash used in operating activities	25	(13,435,937)	(6,360,438)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(10,614)	(9,572)
Proceeds from disposal of non-current assets		-	13,951
Net cash (used in)/provided by investing activities		(10,614)	4,379
Cash flows from financing activities			
Proceeds from issue of shares	17	20,499,874	45,000
Proceeds from exercise of options	17	180,000	-
Proceeds from borrowings		-	5,000,000
Transaction costs related to loans and borrowings		-	(7,700)
Payment for share issue costs		(1,240,006)	-
Repayment of borrowings and interest on borrowings		(1,700,000)	(1,072,759)
Repayment of lease liability	11	(47,433)	(36,892)
Payment of other finance costs		(1,398)	(102,340)
Net cash provided by financing activities		17,691,037	3,825,309
Net increase/(decrease) in cash and cash equivalents		4,244,486	(2,530,750)
Cash and cash equivalents at the beginning of the financial year		5,250,094	7,785,706
Effects of exchange rate changes on cash and cash equivalents		135,176	(4,862)
Cash and cash equivalents at the end of the financial year	25	**9,629,756**	**5,250,094**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

1. General information

Dimerix Limited ("Dimerix" or the "Company") and its subsidiary (the "Group" or "Consolidated Entity") is a listed public company incorporated in Australia. The address of its registered office and principal place of business is disclosed in the corporate directory to the annual report.

The principal activities of the Group are described in the directors' report.

2. Significant accounting policies

2.1 Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The consolidated financial statements comprise the financial statements of the Group. For the purposes of preparing the financial statements, the Group is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ("IFRS").

The consolidated financial statements were authorised for issue by the directors on 29 August 2022.

2.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. The financial statements have been prepared on a going concern basis. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2. Significant accounting policies (continued)

2.3 Business combinations

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively.
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 9, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

2. Significant accounting policies (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2.4 Going concern

The consolidated financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the year ended 30 June 2022 the Group incurred a loss after tax of $10,490,579 (30 June 2021: $6,371,734) and a net cash outflow from operations of $13,435,937 (30 June 2021: $6,360,438). At 30 June 2022, the Group had current assets of $16,488,419 (30 June 2021: $9,419,282), current liabilities of $2,023,643 (30 June 2021: $7,952,205) and current cash holding was $9,629,756 (30 June 2021: $5,250,094). Commitment expenditure is disclosed in Note 26.

The directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will continue to raise further funds and meet its expenditure commitments as required.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

2.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see 2.3 above) less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. Significant accounting policies (continued)

2.6 Revenue recognition

Under AASB15 'Revenue from Contracts with Customers', revenue is recognised when a performance obligation is satisfied, being when control of the goods or services underlying the performance obligation is transferred to the customer.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Research and Development Incentive

These are accounted on an accrual basis once it is probable that it will be received.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8 Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s current tax is calculated using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2. Significant accounting policies (continued)

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.9 Intangible assets
Intangible assets acquired in a business combination
Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2. Significant accounting policies (continued)

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill
At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2.10 Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

2.11 Borrowings
All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the loans and borrowings using the effective interest method.

2. Significant accounting policies (continued)

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract has been discharged, cancelled or expires. The difference between the carrying amount of the borrowing derecognised and the consideration paid is recognised in profit or loss as other income or finance costs.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

2.12 Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.13 Employee benefits
Short-term employee benefits
A liability is recognised for benefits accrued to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

2.14 Share-based payments arrangements
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 22.

2. Significant accounting policies (continued)

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2.15 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

2. Significant accounting policies (continued)

- The contractual cash flow characteristics of the financial assets; and
- The entities business model for managing the financial asset.

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income (Equity instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 'Financial Instruments: Presentation' and are not held for trading.

Financial assets at fair value through profit or loss (FVPL)
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

2. Significant accounting policies (continued)

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

The Group's trade and other payables, borrowing and lease liability are financial liabilities measured at amortised cost.

Impairment
The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.16 Goods and Services Tax
Revenues, expenses and assets are recognised net of the amount of GST, except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

2.17 New Accounting Standards and Interpretations not yet mandatory or early adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australia Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 2021-3: Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021
The Group has applied AASB 2021-3: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021* this reporting period.

The amendment amends AASB 16 to extend by one year, the application of the practical expedient added to AASB 16 by AASB 2020-4: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions*. The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and instead, to account for those rent concessions as if they were not lease modifications. The amendment has not had a material impact on the Group's financial statements.

2. Significant accounting policies (continued)

AASB 2020-8: Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2

The Group has applied AASB 2020-8 which amends various standards to help listed entities to provide financial statement users with useful information about the effects of the interest rate benchmark reform on those entities' financial statements. As a result of these amendments, an entity:

- will not have to derecognise or adjust the carrying amount of financial statements for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates. The amendment has not had a material impact on the Group's financials.

2.17.1 Other standards not yet applicable

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments

AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments is an omnibus standard that amends AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141. The Group plans on adopting the amendment for the reporting period ending 30 June 2023. The impact of the initial application is not yet known.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment amends the initial recognition exemption in AASB 112: *Income Taxes* such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. Critical accounting judgements, estimates and assumptions

In the application of the Group's accounting policies, which are described in Note 2, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period on which the estimate is revised if the revision affects only that period, or in the period in the revision and future periods if the revision affects both current and future periods.

In preparing these financial statements, the significant judgements were made by management in applying the Group's accounting policies and the key sources of estimation uncertainty.

3.1 Other key sources of estimation uncertainty

- Valuation of share options issued to management, staff and consultants.
- Determination of expenses eligible for research and development tax incentive.
- The potential deferred tax asset arising from the tax losses and temporary differences have not been recognised as an asset because recovery of the tax losses is not yet considered probable.
- Valuation of right of use asset and lease liability.

4. Operating segments

From the period beginning 1 July 2016 the Board considers that the Group has only operated in one Segment, being investment in research and development of biopharmaceutical drugs. The financial information presented in the consolidated statement of financial profit or loss and other comprehensive income and consolidated statement of financial position represents the information for the business segment.

5. Revenue

	2022 $	2021 $
Interest received	2,368	1,506

6. Other Income

	2022 $	2021 $
Research & Development tax incentive	6,032,644	3,695,562
Other income[1]	-	129,400
Other government incentives[2]	430,811	729,964
	6,463,455	4,554,926

[1]In 2022 $nil was received in relation to the Boosting Cashflow for Employers Incentive (2021: $116,717).
[2]In 2022 $430,811 was received in relation to the MTP Connect BTB Grant (2021: $729,964).

7. Corporate administration expenses

Loss for the year has been arrived at after charging the following items of expenses:

	2022 $	2021 $
Company secretary fees	24,000	24,000
Depreciation and amortisation	50,545	44,601
Directors renumeration	243,600	215,000
Salary and wages	596,511	351,855
Rental expense	900	4,084
Legal and professional fees	46,734	49,747
Share registry fees	57,069	35,501
Insurance expenses	182,024	150,024
Other administration expenses	1,235,753	685,029
	2,437,136	1,559,841

8. Income tax expense

8.1 Income tax recognised in profit and loss

	2022 $	2021 $
Current tax benefit	(536,824)	(518,798)
Deferred tax expense	(116,936)	106,320
Tax losses not recognised	653,760	412,478
Total Tax expense/(benefit)	-	-

	2022 $	2021 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(10,490,579)	(6,371,734)
Tax at the statutory tax rate of 25% (2021: 26%)	(2,622,645)	(1,656,651)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	3,477,046	2,197,243
Non-assessable income	(1,508,161)	(953,070)
Effect of unused tax losses not recognised as deferred tax assets	653,760	412,478
Income tax expense	-	-

The tax rate used for the reconciliation above is the corporate tax rate of 25.00% (30 June 2021:26.00%) payable by Australian corporate entities on taxable profits under Australian tax law.

8. Income tax expense (continued)

The Group has no franking credits available for recovery in future years.

8.2 Income tax recognised directly in equity

	30 June 2022 $	30 June 2021 $
Current tax		
Share issue costs	106,608	53,051
Deferred tax		
Share issue costs deductible over 5 years	7,462	10,347
	114,070	63,398

8.3 Unrecognised deferred tax assets

	30 June 2022 $	30 June 2021 $
Unused tax losses for which no deferred tax assets have been recognised	4,309,834	3,732,003
Temporary differences	(262,180)	145,244

All unused tax losses were incurred by Australian entities.

This benefit for tax losses will only be obtained if the specific entity carrying forward the tax losses derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and the Group complies with the conditions for deductibility imposed by tax legislation.

9. Basic and diluted loss per share

	2022	2021
Basic and diluted loss per share (cents per share)	(3.56)	(3.22)

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2022 $	2021 $
Loss after income tax attributable to the owners of Dimerix Limited	(10,490,579)	(6,371,734)

	2022	2021
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	294,310,625	197,877,044

9. Basic and diluted loss per share (continued)

There is no dilution of shares due to options therefore options are not included in the calculation of diluted loss per share.

10. Trade, other receivables and prepayments

	30 June 2022 $	30 June 2021 $
Other receivables	6,385,126	4,007,815
Prepayments	400,564	118,550
	6,785,690	4,126,365

The other receivables at the reporting date include Research and Development tax incentive of $6,032,644 (30 June 2021: $3,695,562). This amount is based on criteria of eligible expenditure set out by AusIndustry.

At the reporting date, none of the receivables are past due or impaired.

The prepayments at 30 June 2022 includes the amount of $206,689 in relation to the public and investor relations services to be provided by S3 Consortium Pty Ltd that was paid through the issuance of 1,875,000 shares (Note 17), the agreement is for a period of 24 months with effect from August 2021.

11. Right-of-use asset and lease liability

11.1 Right-of-use assets

	30 June 2022 $	30 June 2021 $
Land and buildings - on initial recognition	77,266	47,689
Less: Accumulated depreciation	(4,293)	(4,866)
Carrying value at end of period	72,973	42,823

11.2 Lease liability

	30 June 2022 $	30 June 2021 $
Current		
Property Lease Liability	52,117	43,093
Non-current		
Property Lease Liability	20,982	-
Total Lease Liability	73,099	43,093

11. Right-of-use asset and lease liability (continued)

	30 June 2022 $	30 June 2021 $
Depreciation - right of use asset	47,116	35,219
Interest expense - lease liability	1,160	979
Other leases classified as short-term or low value asset	-	4,084
Lease payments during the year	48,420	36,892

	30 June 2022 $	30 June 2021 $
Reconciliation of carrying amount of right-of-use asset		
Carrying value at the beginning of the year	42,823	30,353
Additions / lease inception	77,266	47,689
Termination of the lease	-	-
Depreciation	(47,116)	(35,219)
Carrying value at end of year	72,973	42,823

Option to extend or terminate
The Group uses hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Property lease
The above right-of-use asset (ROU) and lease liability relate to the office lease entered into by the Group. The lease has been accounted for in accordance with AASB 16 adopted by the Group on 1 July 2019 under the modified retrospective approach.

The ROU asset is measured at the amount equal to the lease liability at initial recognition and then amortised over the life of the lease. During the year, the Group entered into a new lease agreement for a period of 18 months from 1 June 2022. The lease liability and ROU asset at initial recognition for this new lease is $77,266. The prior year ROU recognised at initial recognition of $47,689 is fully amortised during the year and was reversed upon the termination of the lease.

The right-of-use asset is being depreciated over the lease term on a straight-line basis. Depreciation expense of $47,116 (30 June 2021: $35,219) was included in corporate administration expense in the consolidated statement of profit or loss and other comprehensive income.

At initial recognition, the lease liability was measured as the present value of minimum lease payments using the Group's incremental borrowing rate of 4.16%. The incremental borrowing rate was based on the unsecured interest rate that would apply if finance was sought for an amount and time period equivalent to the lease requirements of the Group. Each lease payment is allocated between the liability and interest expense. The interest expense of $1,160 (30 June 2021: $979) was included in corporate administration expense in the consolidated statement of profit or loss and other comprehensive income.

12. Property, plant and equipment

	30 June 2022 $	30 June 2021 $
Non-current assets		
Computer equipment - at cost	37,899	27,285
Less: Accumulated depreciation	(29,292)	(25,863)
	8,607	1,422

	30 June 2022 $	30 June 2021 $
Cost		
Balance at 1 July	27,285	17,713
Additions	10,614	9,572
Balance at 30 June	37,899	27,285
	37,899	27,285

	30 June 2022 $	30 June 2021 $
Accumulated depreciation		
Balance at 1 July	25,863	16,481
Depreciation expense	3,429	9,382
Balance as at 30 June	29,292	25,863
Net book value	8,607	1,422

13. Trade and other payables

	30 June 2022 $	30 June 2021 $
Trade payables	1,110,832	2,520,422
Accruals and other payables	751,856	273,436
	1,862,688	2,793,858

Trade creditor payment terms are 30 days from end of month.

14. Borrowings

	30 June 2022 $	30 June 2021 $
Principal amount	-	5,000,000
Accrued interest	-	50,000
	-	5,050,000

During the prior financial year, the Group entered into an unsecured loan agreement with major shareholder, Mr Peter Meurs. Interest accrued at the compound rate of 1% per month. $3,500,000 of the loan was repaid through the issuance of shares of the Company (see Note 17 (a)) and the remaining amount, including interest, was repaid in cash.

15. Provisions

	30 June 2022 $	30 June 2021 $
Provision for employee entitlements	108,838	65,254
Non-current liabilities		
Long service leave	29,761	-
	138,599	65,254

16. Subsidiary

	30 June 2022 %	30 June 2021 %
Dimerix Bioscience Pty Ltd	100%	100%

17. Issued capital

	30 June 2022 Shares	30 June 2021 Shares	30 June 2022 $	30 June 2021 $
Ordinary shares - fully paid	320,873,666	197,999,297	50,895,134	28,389,114

17. Issued capital (continued)

	30 June 2022 No.	30 June 2022 $	30 June 2021 No.	30 June 2021 $
Balance at beginning of the year	197,999,297	28,389,114	197,749,297	28,344,114
Issue of ordinary shares	102,499,369	20,499,874	250,000	45,000
Exercise of options	1,000,000	180,000	-	-
Capital raising costs	-	(2,048,854)	-	-
Shares issued for settlement of loan (a)	17,500,000	3,500,000	-	-
Shares issued in lieu of services (b)	1,875,000	375,000	-	-
Balance at end of year	**320,873,666**	**50,895,134**	**197,999,297**	**28,389,114**

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

(a) In the prior year, the Group entered into an unsecured loan agreement with major shareholder, Mr Peter Meurs. Interest accrued at the compound rate of 1% per month. $3,500,000 of shares issued to the major shareholder as part of the two-tranche placement were used to repay the Group's loan with that shareholder. The remaining loan was re-paid in cash. (See Note 14).

(b) During the period 1,875,000 ordinary shares were issued to S3 Consortium Pty Ltd (‘S3’) for providing public and investor relations services. Under the services agreement, the Company agreed to pay S3 $375,000 (excluding GST) for the provision of services over a term of 2 years (‘Fees’). The Company agreed to pay the Fees via the issue of 1,875,000 Shares at a deemed issue price of $0.20.
The total share-based payment recognised as a corporate administration expense for the year ended 30 June 2022 was $168,311 (30 June 2021: $nil) and $206,689 has been recognised as part of prepayments (see Note 10).

18. Reserves

	30 June 2022 $	30 June 2021 $
Share-based payments reserve	1,825,652	886,952

Share- based payments reserve

	30 June 2022 $	30 June 2021 $
Balance at beginning of year	886,952	850,983
Arising on share-based payments*	938,700	35,969
Balance at end of year	1,825,652	886,952

*The total share-based payment recognised as a cost of raising capital and deducted from equity for the year ended 30 June 2022 was $808,848 (30 June 2021: $nil).

Further information about share-based payments is set out in Note 22.

19. Accumulated losses

	30 June 2022 $	30 June 2021 $
Accumulated losses at the beginning of the financial year	(27,807,567)	(21,435,833)
Loss after income tax expense for the year	(10,490,579)	(6,371,734)
Accumulated losses at the end of the financial year	(38,298,146)	(27,807,567)

20. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

21. Financial instruments

21.1 Capital management

The Group manages its capital to ensure entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 30 June 2021.

The Group is not subject to any externally imposed capital requirements.

Given the nature of the business, the Group monitors capital on the basis of current business operations and cash flow requirements.

21.2 Categories of financial instruments

	30 June 2022 $	30 June 2021 $
Financial assets		
Cash and cash equivalents	9,629,756	5,250,094
Trade and other receivables	6,385,126	4,007,815
	16,014,882	9,257,909
Financial liabilities		
Trade and other payables	1,862,688	2,793,858
Borrowing	-	5,050,000
Lease liability	73,099	43,093
	1,935,787	7,886,951

21.3 Financial risk management objectives

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

21. Financial instruments (continued)

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Group where such impacts may be material. The board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

21.4 Market risk

Market risk for the Group arises from the use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate (see 21.6 below).

21.5 Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. At 30 June 2022, the Company has cash denominated in US dollars US$594,207 (30 June 2021: US$38,265). The A$ equivalent at 30 June 2022 is $861,827 (30 June 2021: $51,046). A 5% movement in foreign exchange rates would increase the Group's loss before tax by approximately $43,091 (30 June 2021: $2,552).

21.6 Interest rate risk management

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end on the reporting period.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 30 June 2022 would increase/decrease by $62,878 (30 June 2021: $48,908).

21.7 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

21.8 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

21. Financial instruments (continued)

The Group manages liquidity by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

2022

	Carrying amount $	Less than 1 month $	1-3 months $	3-12 months $	1 year to 5 years $	Total contractual cash flows $
Trade and other payables	1,862,688	1,862,688	-	-	-	1,862,688
Lease liability	73,099	4,182	8,407	38,562	21,948	73,099
	1,935,787	1,866,870	8,407	38,562	21,948	1,935,787

2021

	Carrying amount $	Less than 1 month $	1-3 months $	3-12 months $	1 year to 5 years $	Total contractual cash flows $
Trade and other payables	2,793,858	36,626	2,709,610	47,622	-	2,793,858
Borrowing	5,050,000	-	50,000	5,000,000	-	5,050,000
Lease Liabilities	43,093	3,836	11,605	27,652	-	43,093
	7,886,951	40,462	2,771,215	5,075,274	-	7,886,951

22. Share-based payment expenses

	2022 $	2021 $
Arising on issuance of options	129,842	35,969

22. Share-based payment expenses (continued)

22.1 Employee share option plan
Options may be issued to employees in accordance with the Company's existing ESOP. Options cannot be offered to a director or an associate except where approval is given by shareholders at a general meeting.

Each option issued converts into one ordinary share of Dimerix Limited on exercise. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

During the year, 1,000,000 options were granted to employees in accordance with the Company's ESOP. The options were issued in two equal tranches comprising 500,000 options each with an exercise price of $0.40 per share. The options expire 03 December 2025 and are subject to vesting conditions. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The following table lists the inputs to the model used for valuation of the unlisted options:

Volatility	72%
Risk-free interest rate (%)	0.87%
Expected life of options (years)	4.00
Exercise price ($)	0.400
Underlying security price at grant date	0.240
Expiry date	3 December 2025
Value per option	0.100

The deemed fair value of options granted to employees at grant date is $99,888. The total share-based payment expense recognised for options issued to employees as a corporate administration expense for the year ended 30 June 2022 was $35,460. (30 June 2021: $35,969).

22.2 Options issued to Directors
Options may be issued to Directors or an associate where shareholder approval has been given at a general meeting.

Each option issued converts into one ordinary share of Dimerix Limited on exercise. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

During the year 599,140 options were granted to directors with an exercise price of $0.40 per share, expiring 30 July 2024. The vesting date of the options is the issue date. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The following table lists the inputs to the model used for valuation of the unlisted options:

22. Share-based payment expenses (continued)

Volatility (%)	84%
Risk-free interest rate (%)	0.22%
Expected life of options (years)	2.84
Exercise price ($)	0.400
Underlying security price at grant date	0.330
Expiry date	30 July 2024
Value per performance right	0.158

The deemed fair value of options granted to directors at grant date is $94,382. This amount was recognised as a corporate administration expense for the year ended 30 June 2022 as these options vested immediately.

22.3 Options issued to Advisors

Options may be issued to external consultants or non-related parties without shareholders' approval, where the annual 15% capacity pursuant to ASX Listing Rule 7.1 has not been exceeded.

Each option issued converts into one ordinary share of Dimerix Limited on exercise. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

During the year 8,500,000 options were issued to Canaccord Genuity for their services in connection with the placement announced on 16 August 2021. Under the placement mandate, 8,500,000 unlisted options were issued on 05 October 2021 at an exercise price of 40 cents per share, expiring on 30 July 2024. The vesting date of the options is the issue date. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The following table lists the inputs to the model used for valuation of the unlisted options:

Volatility	72%
Risk-free interest rate (%)	0.29%
Expected life of options (years)	2.82
Exercise price ($)	0.400
Underlying security price at grant date	0.270
Expiry date	30 July 2024
Value per option	0.095

The deemed fair value of options granted to advisors at grant date is $808,848. These options vested immediately and were recognised as a cost of raising capital.

22.4 Options on Issue

The following share-based payment arrangements were in existence at the end of the current reporting period:

22. Share-based payment expenses (continued)

No. of options.	Grant date	Expiry date	Grant date fair value	Vesting date/Expected Vesting Date	Exercise Price
2,117,325	30/10/2018	30/10/2023	0.051	$^{1/3}$vest on 30 Oct 2019 $^{1/12}$ vest on 31 Jan 2020 $^{1/12}$ vest on 30 Apr 2020 $^{1/12}$ vest on 31 Jul 2020 $^{1/12}$vest on 30 Oct 2020 $^{1/12}$ vest on 31 Jan 2021 $^{1/12}$ vest on 30 Apr 2021 $^{1/12}$ vest on 31 Jul 2021 $^{1/12}$ vest on 30 Oct 2021	0.18
2,117,325	30/10/2018	30/10/2023	0.042	$^{1/3}$vest on 30 Oct 2019 $^{1/12}$ vest on 31 Jan 2020 $^{1/12}$ vest on 30 Apr 2020 $^{1/12}$ vest on 31 Jul 2020 $^{1/12}$ vest on 30 Oct 2020 $^{1/12}$ vest on 31 Jan 2021 $^{1/12}$ vest on 30 Apr 2021 $^{1/12}$ vest on 31 Jul 2021 $^{1/12}$ vest on 30 Oct 2021	0.27
2,117,325	30/10/2018	30/10/2023	0.036	$^{1/3}$ vest on 30 Oct 2019 $^{1/12}$ vest on 31 Jan 2020 $^{1/12}$ vest on 30 Apr 2020 $^{1/12}$ vest on 31 Jul 2020 $^{1/12}$ vest on 30 Oct 2020 $^{1/12}$ vest on 31 Jan 2021 $^{1/12}$ vest on 30 Apr 2021 $^{1/12}$ vest on 31 Jul 2021 $^{1/12}$ vest on 30 Oct 2021	0.36
375,000	15/03/2019	31/01/2024	0.026	$^{1/2}$ vest on 30 Sep 2019 $^{1/2}$ vest on 17 Feb 2021	0.18
375,000	15/03/2019	31/01/2024	0.180	$^{1/2}$ vest on 30 Sep 2019 $^{1/2}$ vest on 17 Feb 2021	0.27
750,000	09/12/2019	09/08/2022	0.039	09 Dec 2019	0.18
8,500,000	27/09/2021	30/07/2024	0.095	27 Sep 2021	0.40
599,140	27/09/2021	30/07/2024	0.158	05 Oct 2021	0.40
1,000,000	10/11/2021	03/12/2025	0.100	$^{1/2}$ vest on 15 Apr 2023 $^{1/2}$ vest on 15 Jan 2025	0.40

There has been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

The following options were exercised during the year:
- 1,000,000 on 18 August 2021.

Fair value of share options granted in the year

22. Share-based payment expenses (continued)

The deemed fair value of options granted during the year is $1,003,098 (30 June 2021: $nil).

- On 27 September 2021, the Company issued 599,140 director options as part of the Company's AGM
- On 05 October 2021, the Company issued 8,500,000 advisor options as a part of the capital raise
- On 05 October 2021, the Company issued 59,999,997 free-attaching unlisted options as part of the October 2021 Share Purchase Plan
- On 10 November 2021, the Company issued 1,000,000 employee options as a part of the Employee Omnibus plan

Movements in all share options during the year

The following reconciles all the share options outstanding at the beginning and end of the year:

	2022 Number of options No.	2022 Weighted average exercise price $	2021 Number of options No.	2021 Weighted average exercise price $
Balance at beginning of the year	8,851,975	0.248	11,867,490	0.285
Granted during the year	70,099,137	0.400	-	-
Exercised during the year	(1,000,000)	0.180	(250,000)	0.180
Expired during the year	-	-	(2,765,515)	0.412
Balance at end of year	77,951,112	0.386	8,851,975	0.248
Exercisable at end of year	76,951,112	0.381	7,793,313	0.246

22.5 Share options exercised during the year

There were 1,000,000 share options exercised during the year (30 June 2021: 250,000).

22.6 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of $0.386 and a weighted average remaining contractual life of736days (30 June 2021: 772 days).

23. Key management personnel disclosures

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2022 $	2021 $
Short-term employee benefits	797,845	557,211
Post-employment benefits	46,151	31,237
Share-based payments	97,630	34,401
	941,626	622,849

24. Related party transactions

24.1 Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to the remuneration report contained in the directors' report and Note 23.

24.2 Transactions with other related parties

All transactions between the Group and related parties are on an arms-length basis.

During the prior financial year, the Group entered into a unsecured loan agreement with major shareholder, Mr Peter Marks. Interest accrues at the compound rate of 1% per month, the loan was repaid on 30 September 2021.

25. Reconciliation of loss after income tax to net cash used in operating activities

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	30 June 2022 $	30 June 2021 $
Cash and cash equivalents	9,629,756	5,250,094

(a) Reconciliation of loss after taxable income to net cash used in operating activities

Cashflow from operating activities

	2022 $	2021 $
Loss after income tax expense for the year	(10,490,579)	(6,371,734)
Adjustments for:		
Depreciation and amortisation	50,545	44,601
Share-based payments (Note 22)	129,842	35,969
Foreign exchange differences	135,176	4,862
Accrued interest on borrowings	151,160	163,063
Costs in exchange for shares (Note 17)	95,395	-
Movement in working capital:		
Increase in prepayments	(322,243)	(10,911)
Increase in trade and other receivables	(2,337,082)	(1,543,734)
Increase/(decrease) in trade and other payables	(921,496)	1,282,150
Increase in other provisions	73,345	35,296
Net cash used in operating activities	**(13,435,937)**	(6,360,438)

25. Reconciliation of loss after income tax to net cash used in operating activities (continued)

(b) Non-cash investing and financing activities

- The company issued 17,500,000 ordinary shares at $0.20 per share to repay $3,500,000 of the total loan of the Group to Mr. Peter Meurs, a shareholder.
- The company issued 1,875,000 ordinary shares to S3 Consortium Pty Ltd for providing public and investor relation services for total consideration of $375,000 (excluding GST).

(c) Changes in liabilities arising from financing activities

	1 July 2021 $	Additions $	Cash flows $	Other $	30 June 2022 $
Lease liabilities	43,093	77,266	(47,433)	173	73,099
Borrowings	5,050,000	150,000	(1,700,000)	(3,500,000)[1]	-
	5,093,093	227,266	(1,747,433)	(3,499,827)	73,099

	1 July 2020 $	Additions $	Cash flows $	Other $	30 June 2021 $
Lease liabilities	-	47,689	(4,972)	376	43,093
Borrowings (Note 14)	-	-	5,000,000	50,000[2]	5,050,000
	-	47,689	4,995,028	50,376	5,093,093

The "Other" column includes:
[1] Shares issued in lieu of payment of a $3,500,000 loan (see Note 25(b)).
[2] Interest accrued for the loan from a shareholder.

26. Commitments and contingencies

The Group has entered into a number of agreements related to research and development activities. As at 30 June 2022, under these agreements, the Group is committed to making payments over future periods, as follows:

	30 June 2022
During the period 1 July 2022 – 30 June 2023	14,254,176
During the period 1 July 2023 – 30 June 2024	11,043,553
	25,297,729

Where commitments are denominated in foreign currencies, the amounts have been converted to Australian dollars based on exchange rates prevailing as at 30 June 2022.

27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Stantons International Audit and Consulting Pty Ltd, the auditor of the company:

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	49,140	38,000
Other non-audit services	-	-
	49,140	38,000

28. Events after the reporting period

On 21 July 2022, 750,000 options were issued to Ashish Soman at $0.40 expiring 21 July 2026.
On 9 August 2022, 750,000 options have expired.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

29. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the 30 June 2022 and 30 June 2021 financial information shown below, are the same as those applied in the financial statements. Refer to Note 2 for a summary of significant accounting policies relating to the Group.

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2022 $	2021 $
Loss after income tax	(14,406,362)	(6,286,513)
Total comprehensive loss	(14,406,362)	(6,286,513)

29. Parent entity information (continued)

Statement of financial position

	Parent	
	30 June 2022	30 June 2021
	$	$
Total current assets	8,812,908	4,720,494
Total assets	8,812,908	4,720,494
Total current liabilities	231,043	5,187,224
Total non-current liabilities	10,236	-
Total liabilities	241,279	5,187,224
Net assets/(liabilities)	8,571,629	(466,730)
Equity		
Issued capital	80,838,046	58,332,025
Share-based payments reserve	1,989,631	1,050,931
Accumulated losses	(74,256,048)	(59,849,686)
Total equity/(deficiency)	8,571,629	(466,730)

30. Government Grants

The Company was awarded a further $122,500 from the Australian Government's Medical Research Future Fund (MRFF) through the Biomedical Translation Bridge (BTB) program to support the commercialisation of DMX-200 in places with COVID-19.

ASX Additional Information as at 9th August 2022

Corporate Governance Statement
The Company's corporate governance statement is located at the Company's website: https://investors.dimerix.com/investor-centre/?page=corporate-governance.

Ordinary share capital

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	262	115,945	0.04%
1,001 - 5,000	1,612	4,727,575	1.47%
5,001 - 10,000	958	7,588,638	2.37%
10,001 - 100,000	1,901	66,402,826	20.69%
100,001 - 9,999,999,999	431	242,038,682	75.43%
Totals	**5,164**	**320,873,666**	**100.00%**

Each ordinary share is entitled to vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

- 2,117,325 unlisted $0.18 expiring 30 October 2023 are held by Nina Webster;
- 2,117,325 unlisted $0.27 expiring 30 October 2023 are held by Nina Webster;
- 2,117,325 unlisted $0.36 expiring 30 October 2023 are held by Nina Webster;
- 375,000 unlisted $0.18 expiring 31 January 2024 are held by an individual ESOP holder;
- 375,000 unlisted $0.27 expiring 31 January 2024 are held by an individual ESOP holder;
- 8,500,000 unlisted $0.40 expiring 30 July 2024 are held by Canaccord Genuity;
- 599,140 unlisted $0.40 expiring 30 July 2024 are held by Non-Executive Directors;
- 59,999,997 unlisted $0.40 expiring 30 July 2024 are held by SPP and Placement participants
- 1,000,000 unlisted $0.40 expiring 03 December 2025 are held by ESOP holders;
- 750,000 unlisted $0.40 expiring 21 July 2026 are held by Ashish Soman

Options do not carry a right to vote.

Unmarketable parcels
There are 1,198 shareholdings held with less than a marketable parcel.

Substantial shareholders

	Number of shares	% holding
Mr Peter Meurs	44,179,309	13.77%

Restricted securities
Nil

On-Market buy-back
There is no current on-market buy-back.

Twenty (20) largest shareholders of quoted equity securities

Dimerix Limited and controlled entity
Shareholder information
30 June 2022

Position	Holder Name	Holding	% IC
1	MR PETER FLETCHER MEURS	26,679,309	8.31%
2	SKIPTAN PTY LTD <P&M MEURS FAMILY A/C>	17,500,000	5.45%
3	THE TRUST COMPANY (AUSTRALIA) LIMITED <MBF A/C>	7,400,000	2.31%
4	BAVARIA BAY PTY LTD	7,316,992	2.28%
5	YODAMBAO PTY LTD <YODAMBAO INVESTMENT A/C>	6,362,603	1.98%
6	THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	5,375,000	1.68%
7	MR ANDREW JOSEPH COATES & MRS MELINDA JANE COATES <AJ & MJ COATES S/F A/C>	4,467,000	1.39%
8	MRS MELINDA JANE COATES & MR ANDREW JOSEPH COATES <MELINDAJCOATES SUPERFUND A/C>	4,000,000	1.25%
9	TAMER YIGIT PROPERTY GROUP PTY LTD	3,000,000	0.93%
10	MRS JULIE MAREE SCOTT	2,650,000	0.83%
11	MR PHILIP ROBERT SCOTT	2,650,000	0.83%
11	COATES FAMILY OFFICE PTY LTD <COATES FAMILY OFFICE A/C>	2,500,000	0.78%
12	RUBI HOLDINGS PTY LTD <JOHN RUBINO SUPER FUND A/C>	2,500,000	0.78%
13	MR TAYLOR NICHOLAS GREEN	2,500,000	0.78%
14	MR RICHARD STANLEY DE RAVIN	2,350,000	0.73%
15	TOROHA PTY LTD <THE WHITE FAMILY A/C>	2,137,753	0.67%
16	MRS GWEN MURRAY PFLEGER <PFLEGER FAMILY A/C>	2,105,988	0.66%
17	LIMNOS 34 PTY LTD	2,100,728	0.65%
18	SOLEQUEST PTY LTD	2,000,000	0.62%
19	S3 CONSORTIUM HOLDINGS PTY LTD <NEXTINVESTORS DOT COM A/C>	1,875,000	0.58%
20	JAMPASO PTY LTD <WILLIAMS FAMILY A/C>	1,778,742	0.55%
	Total	**112,416,115**	**35.03%**
	Total issued capital - selected security class(es)	**320,873,666**	**100.00%**