Dimerix

Annual Financial Report for the year ended 30 June 2023

Dimerix Limited and controlled entity

ABN 18 001 285 230

Dimerix Limited and controlled entity
Corporate directory
30 June 2023

Directors	Dr Sonia Maria Poli - Non-Executive Director Mr Hugh Alsop - Non-Executive Director Dr Nina Webster - CEO and Managing Director Mr Clinton Snow - Non-Executive Director (Appointed 1 May 2023) Dr James Williams (Resigned 23 December 2022)
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

Contents

Financial outcomes

At a glance

Cash reserve

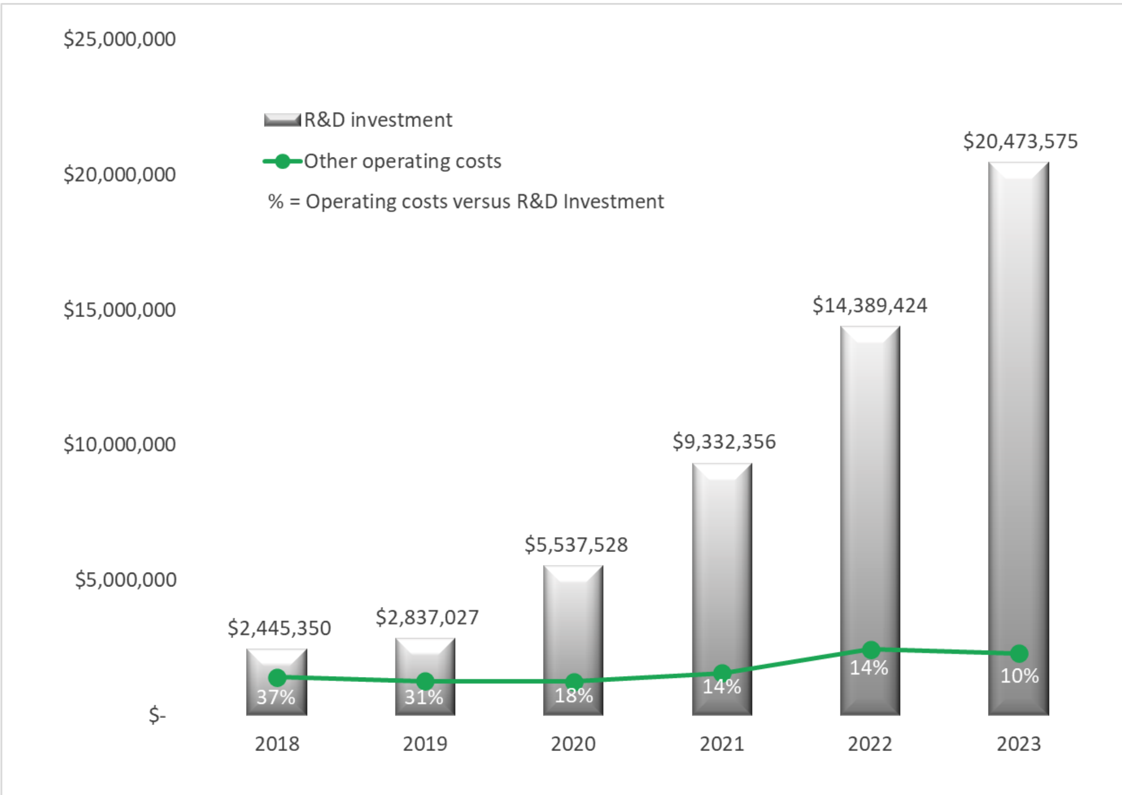
$7.9 million

Invested into portfolio

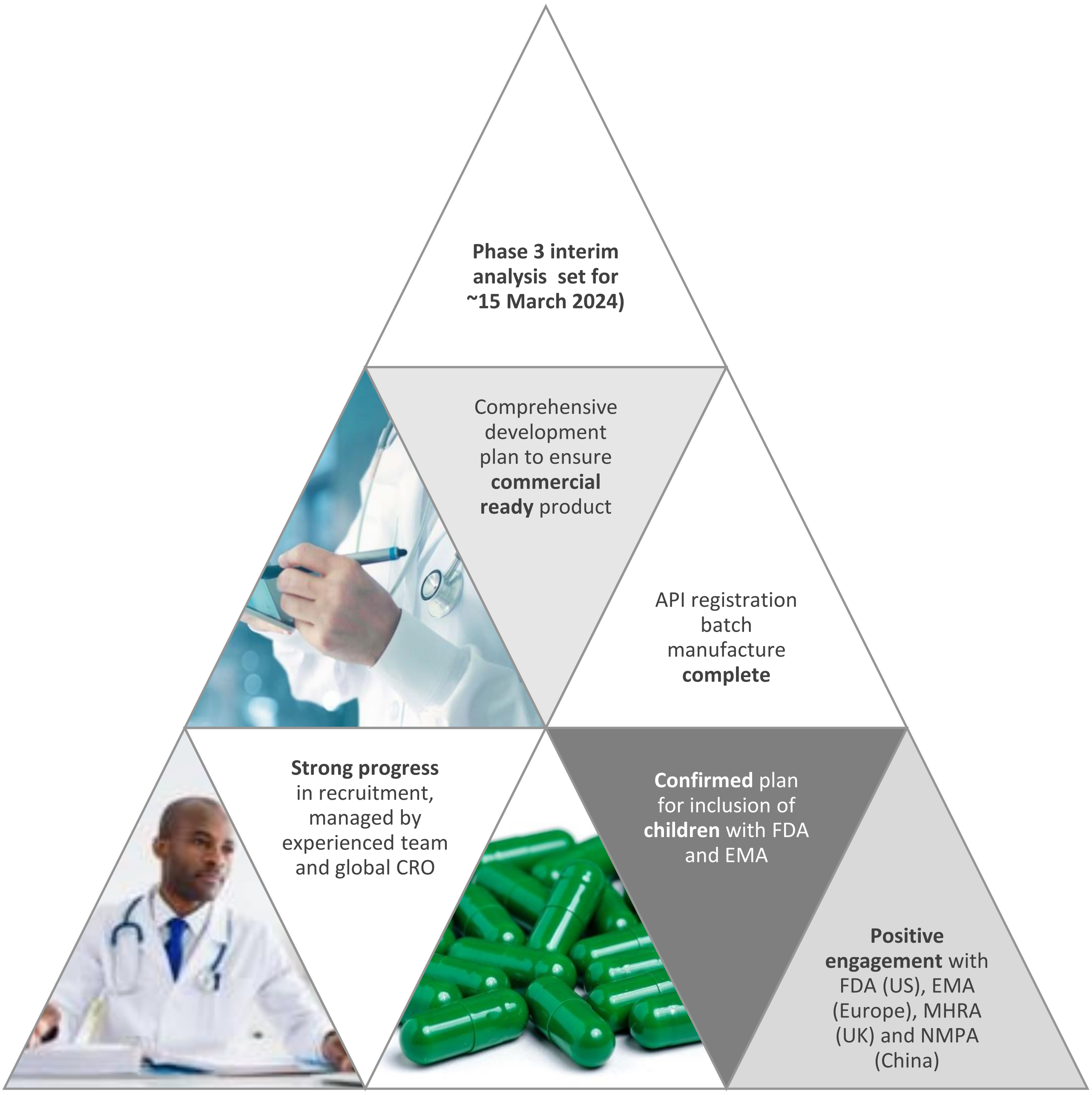
$20.5 million

R&D investment increased

Operating costs reduced



2023 business achievements and 2024 planned milestones



- ❑ FSGS ACTION3 Phase 3 study Part 1 data outcome ~15 March 2024
- ❑ Progression of ACTION3 into Part 2
- ❑ FSGS ACTION3 Phase 3 study Part 2 recruitment and randomisation completed
- ❑ Additional Part 2 FSGS clinical sites/countries opened

Value Creation

Corporate Statement

Dimerix is a clinical-stage biopharmaceutical company, with a portfolio of drug candidates for inflammatory diseases, including kidney and respiratory diseases.

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.

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.

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.

The Dimerix team has extensive experience in the development and commercialisation of pharmaceutical products in the global marketplace.

CEO & Managing Director's Report

Nina Webster
CEO & Managing Director

Dear Shareholders,

The 2023 financial year was significant for Dimerix, one that saw our strategy yield strong operational progress and results as we sharpened our focus on our flagship program, being our ACTION3 Phase 3 clinical trial in focal segmental glomerulosclerosis (FSGS) kidney disease.

The Dimerix strategy has created significant momentum over the last two years, enabled by the strength and expertise of our team. Dimerix has never been more productive and we maintained our focus on disciplined capital allocation and program delivery. We are driven by our focus on developing life-changing medicines for people with inflammatory diseases — often with limited or no therapeutic options. By keeping patients at the center of all that we do, we're striving to transform the lives of patients and their families by providing innovative new medicines when there are few options available.

First interim outcome from ACTION3 Phase 3 Trial is Expected ~15 March 2024.

We have made significant progress since randomising the first patient for our pivotal Phase 3 ACTION3 trial of DMX-200 in July 2023 and remain on track to report our first interim analysis outcome in ~15 March 2024 with patient enrollment continuing at geographically diverse sites.

DMX-200 is a chemokine receptor (CCR2) antagonist in late-stage clinical development for the treatment of FSGS. The Phase 3 study, which is titled "Angiotensin II Type 1 Receptor (AT1R) & Chemokine Receptor 2 (CCR2) Targets for Inflammatory Nephrosis" – or ACTION3 for short, is a pivotal (Phase 3), multi-centre, randomised, double-blind, placebo-controlled study of the efficacy and safety of DMX-200 in patients with FSGS who are receiving a stable dose of an angiotensin II receptor blocker (ARB).

The single Phase 3 trial in FSGS patients has two interim analysis points built in that are designed to capture evidence of proteinuria and kidney function (eGFR slope) during the trial, aimed at generating sufficient evidence to support accelerated marketing approval. A successful outcome in the first interim analysis outcome, expected on, or around, 15 March 2024, would see the Company announce a clinically significant and statistical meaningful improvement in proteinuria in patients on DMX-200 versus placebo and that the trial is continuing to Part 2.

Currently, we have randomized 72 patients (100%) of patients into Part 1 of the study, and importantly, have done so with no safety concerns reported to date. We remain highly encouraged by the potential of DMX-200 to offer a safe, well-tolerated and efficacious treatment option for patients with FSGS, which afflicts an estimated 220,000 people worldwide.

Research and Development

We have continued to invest in the future of the business. Research and development expenditure across our portfolio, rose to $20.5 from $14.4 million in the same period a year ago, driven by the global ACTION3 phase 3 clinical trial.

In addition to progressing the ACTION3 Phase 3 study, our COPD pre-clinical asset completed a pharmacokinetic (PK) and dose ranging pre-clinical study of DMX-700, using the same neutrophil elastase lung injury model of COPD as used in the proof-of-concept study conducted in 2022. No notably drug-drug interactions were observed and a twice daily (BID) formulation was identified to support future clinical studies.

During the period, two investigator-led studies looking at DMX-200 in respiratory complications associated with COVID-19 closed, with both reporting primary endpoint outcomes.

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.

Sustainability and People

Last year, we assessed ESG matters that are material to our business. We have been operating within the established 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.

In recent years, the way that we live, and work has transitioned rapidly. I believe sustainability is not only about reducing our workplace footprint, but also using innovative tools to encourage the wellbeing of employees, encourage environmentally conscious decisions and promote long-term management that can evolve working culture. At Dimerix, we promote a flexible working environment: by allowing employees to work flexibly we can reduce emissions from commuting, as well as enable a better work-life balance, improving employee wellbeing.

We are committed to nurturing a culture where diverse talent thrives. We understand that the long-term success and sustainability of Dimerix depends on continuing to create an environment where top performers of all backgrounds, genders, and ethnicities can contribute at their highest levels.

Outlook

The 2023 financial year brings another big step closer to our strategic goal. We are extremely pleased with the progress we have made to date and remain optimistic about our near-term and long-term prospects as we continue to focus on advancing our ACTION3 program that may have a profound impact on the lives of those affected by FSGS.

We are actively pursuing strategic partnership opportunities for the FSGS asset, and we remain confident in our ability to deliver shareholder value.

Every day, we strive to improve the lives of millions of people around the world with both respiratory and renal conditions. I would like to thank all of our stakeholders, including employees, Directors, partners and shareholders, who collectively enable us to put better health within reach, every day.

Dr Nina Webster
CEO & Managing Director

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 2023. 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 Nina Webster	Executive CEO and Managing Director, joined the Board on 27th 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 and SYNthesis BioVentures Pty Ltd.
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 advisor for several late stage drug development projects approaching market authorization. Sonia was formerly Executive Manager at AC Immune, a Nasdaq listed company, and Chief Scientific Officer at Minoryx and Addex Therapeutics and she has previously worked within Swiss Stock Exchange listed companies Hoffman la Roche.
Mr Hugh Alsop	Non-Executive director, joined the Board on 1 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.
Mr Clinton Snow*	Non-Executive Director, joined the Board in May 2023. Clinton Snow has 20 years experience as a technology leader with a focus in engineering management, project delivery, risk management, and assurance. Clinton is currently a Non-Executive director for Icetana Ltd (ASX:ICE) PolyActiva Pty Ltd, as well as providing advisory services to a family office with multiple Australian biotech investments..
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 was a Founder and Investment Director of Yuuwa Capital LP, a venture capital firm in Australia.

appointed 1 May 2023
****Resigned 23 December 2022***

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
Sonia Poli	330,000	341,038
Hugh Alsop	-	167,202
Nina Webster	282,500	6,598,642
Clinton Snow	-	-

Share options granted to directors and senior management
During the financial year, the following options were granted:

No. of options	Option Type	Grantee
750,000	Employee	Ashish Soman
187,500	Rights Issue	Nina Webster
125,002	Rights Issue	Sonia Poli
34,167	Sub-underwriter	Nina Webster
11,334	Sub-underwriter	Sonia Poli

Company secretary
Hamish George BCom, CA, GIA(Cert)

Mr George 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
Dimerix Limited	57,431,508	Ordinary	0.154	30/06/2025
Dimerix Limited	34,408,088	Ordinary	0.126	31/03/2024
Dimerix Limited	3,850,000	Convertible notes	1.000	28/12/2024

During the year 89,083,346 options were issued and 750,000 options lapsed.

The holders of these options and convertible notes 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.

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 2023, and the number of meetings attended by each director were:

	Board of Directors	
	Attended	Held
Dr James Williams	6	6
Dr Sonia Poli	11	11
Mr Hugh Alsop	11	11
Dr Nina Webster	11	11
Mr Clinton Snow	2	2

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 three product candidates: DMX-200 for FSGS; DMX-700 for COPD and DMX-200 for diabetic kidney disease; as well as the proprietary Receptor- HIT assay technology.

Operating results

The loss for the Group for the year ended 30 June 2023 after providing for income tax amounted to $13,802,819 (30 June 2022: $10,490,579).

The year ended 30 June 2023 operating results are attributed to the following:

- Research and development expenditure of $20,473,575 (30 June 2022: $14,389,424);
- Corporate and administration expenses of $2,283,714 (30 June 2022: $2,437,136); and
- Share based payments expense of $66,054 (30 June 2022: $129,842)

Review of operations

Summary
During the period, Dimerix continued to focus on the development of Dimerix' DMX-200 drug candidate in both renal and respiratory indications: DMX-200 in Focal Segmental Glomerulosclerosis (FSGS), and DMX-700 Chronic Obstructive Pulmonary Disease (COPD).

Dimerix progressed its flagship clinical program during the period: FSGS ACTION3 Phase 3 study. FSGS first patient was recruited in May 2022; 70 clinical sites were opened across 11 different countries; the first 72 patients (Part 1) were recruited in December 2022; the first 72 patients (Part 1) were randomised in July 2023; and the ACTION3 study completed two separate scheduled Data Safety Monitoring Board (DSMB) reviews and recommended the study continue (February 2023 and August 2023). In addition to progressing the ACTION3 Phase 3 study and the COPD pre-clinical asset, two investigator-led studies in respiratory complications associated with COVID-19 closed and reported primary endpoint outcomes.

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:

- Successful Completion of 2nd DSMB Review of FSGS Trial
- Dimerix presentation at Bioshares Biotech Summit
- DMX-200 FSGS PH3 Kidney Trial Part 1 Outcome set for Q1 CY24
- ACTION3 Part 1: First interim data outcome expected to be reported on, or around, 15 March 2024
- ACTION3 Part 1: Last patient data collection for Phase 3 study scheduled for 26 February 2024
- Approval received for Paediatric Investigation Plan from EMA
- Dimerix confirms Phase 3 study design appropriate for China
- Rights Issue Prospectus
- Results of Extra General Meeting
- Dimerix to present at BIO International Convention
- Dimerix Announces Update on Successful Capital Raise
- Investor Webinar
- Rights Issue Prospectus
- Entitlement offer and Convertible Note to raise $12 million
- Dimerix Announces New Board Member
- Dimerix presentation at Wholesale Investors, highlighting FSGS ACTION3 program and partnering progress
- Advanced partnering negotiations with material offers received from multiple parties for various territories
- FSGS Study, Partnering & Commercialisation Investor Briefing
- Half-Year Financial Report & Appendix 4D - 31 December 2022
- DXB to Receive $2.8m in Prepayment of R&D Tax Incentive
- Successful Completion of DSMB Review of Phase 3 FSGS Trial
- REMAP-CAP investigators published outcomes of ACE2 RAS modulation study in COVID-19, with no safety concerns noted for DMX-200
- FDA Confirms Inclusion of Paediatrics in ACTION3 Study
- Resignation of Non-Executive Chairman
- DMX-200 FSGS Phase 3 Trial Part 1 Recruitment Achieved
- CLARITY 2.0 COVID-19 Study Outcome
- Results of Annual General Meeting
- Chair address and CEO presentation to AGM
- Investor Briefing
- Dimerix presentation at BioEurope partnering conference, the largest gathering of global pharma companies outside the US
- AusBioInvest Presentation, including FSGS recruitment update
- Dimerix Receives A$6.0M R&D Tax Incentive Rebate
- CLARITY 2.0 COVID-19 Study Concludes Recruitment
- New Patent Family Application for DMX-700
- DMX-700 Study Shows Significant 80% Reduction in Lung Injury

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, European and Asian markets.

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.

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 encourage sustainability by improving efficiency across our business and streamlining our operations and processes. This includes promote a flexible working environment that may reduce emissions from commuting

Social

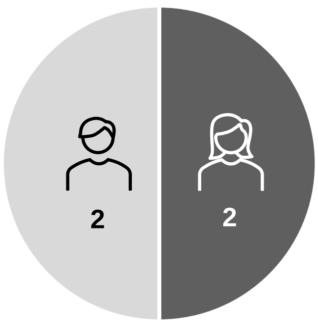
We take pride in the success, growth and empowerment of our employees. We strive to attract and nurture a talented workforce, whilst simultaneously enabling a better work-life balance, improving employee wellbeing

Governance

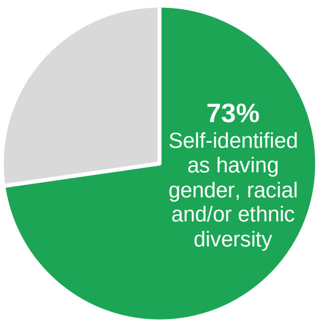
We operate on behalf of our shareholders and strive to be a value creator to meet their expectations. We are continuously making efforts to raise the level of trust and confidence of all our stakeholders

Diversity
The charts below show board and staff makeup by various characteristics:

Board



Staff



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 is considered a New Chemical Entity (NCE), and alongside the Orphan Drug Designations, could qualify for market exclusivity in many territories, including seven years (US) and ten years (Europe).

ACTION3
FSGS CLINICAL STUDY

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, titled ACTION3.

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,[1] 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.[1] Moreover, dialysis requires regular visits, totalling over 12 hours per week to the medical facility[2] - 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.[3] For those who are fortunate enough to receive a kidney transplant, approximately 60% will get re-occurring FSGS in the transplanted kidney.[4] 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 220,000.[5] The illness has a global compound annual growth rate of 8%, with over 5,400 new cases diagnosed in the US alone each year.[6] Because there is no effective treatment, Dimerix has received Orphan Drug Designation for DMX-200 in both the US and Europe for FSGS. Orphan Drug Designation is granted to support the development of products for rare diseases and qualifies Dimerix for various development incentives including: seven years (FDA) and ten years (EMA) of market exclusivity if regulatory approval is received, exemption from certain application fees, and a fast-tracked regulatory pathway to approval.

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1 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

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

3 Guruswamy Sangameswaran KD, Baradhi KM. (2021) Focal Segmental Glomerulosclerosis), online: https://www.ncbi.nlm.nih.gov/books/NBK532272/

4 Front. Immunol., (July 2019) | https://doi.org/10.3389/fimmu.2019.01669

5 Delve Insight Market Research Report (2022): Focal segmental glomerulosclerosis (FSGS) – Market Insight, Epidemiology and market forecast – 2032; https://www.delveinsight.com/report-store/focal-segmental-glomerulosclerosis-fsgs-market;

6 Nephcure Kidney International (2020); Focal Segmental Glomerulosclerosis, online

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). Further dose ranging studies were completed during the period.

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.[7]

COPD is the third-leading cause of death in the world, causing 3.23 million deaths globally in 2019.[8] In the United States, COPD affects 1 in 8 Americans age 45 and older,[8] and 1 in 20 Australia aged 45 years,[9] but millions more may have the disease without even knowing it.[10] 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.[11]

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

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

9 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

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

11 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 have been filed that may extend this protection to 2042 if granted, in addition to any exclusivity periods granted.

During the period:

- 1 additional patent covering DMX-200 was granted in the US, titled Method of treating Inflammatory Disorders" (US patent number 11,382,896);
- 4 additional new patent applications covering DMX-200 were filed in various territories, titled 'Therapeutic Formulations for Kidney Disease' (AU2023901450, CN202310747837.1, TW112121087), and 'Combination Therapy' (EP 23161550.1); and
- 2 new patent applications covering DMX-700 were filed in various territories, titled 'Method and Composition for the Treatment of Disease' (HK62022062441), and 'Dosage Regime for the Treatment of COPD' (AU2022902171)

If granted, the patent applications could extend and broaden the protection for DMX-200 until at least March 2042, and DMX-700 until at least August 2043.

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 conducted the registration batches required for pharmaceutical grade DMX-200 market approval, and continued further 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, 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 $7,991,792 and expects to receive a Research and Development tax incentive refund of $8,934,637 following 30 June 2023, further boosting capital resources.

Financial position

	30 June 2023 $	30 June 2022 $
Cash and cash equivalents	7,991,792	9,629,756
Net assets / total equity	5,963,119	14,422,640
Contributed equity	55,489,363	50,895,134
Accumulated losses	(52,100,965)	(38,298,146)

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 2023.

Events after the reporting period

On 08 August 2023 the Company issued 1,256,250 ordinary shares, 628,125 listed options and 628,215 unlisted options in relation to the placement of shortfall securities under the Prospectus lodged with ASIC and released to ASX on 04 May 2023.

On 28 August 2023 the Company issued 2,250,000 ordinary shares, 1,125,000 listed options and 1,125,000 unlisted options in relation to the placement of shortfall securities under the Prospectus lodged with ASIC and released to ASX on 04 May 2023.

No other matter or circumstance has arisen since 30 June 2023 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 ACTION3 Phase 3 clinical trial in FSGS. To support the FSGS global Phase 3 study, Dimerix works closely with IQVIA, 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 have been actively recruiting patients globally.

The last patient data collection for Part 1 of the ACTION3 Phase 3 study is scheduled for 26 February 2024, with the first interim data outcome expected to be reported on, or around, 15 March 2024.

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.

Business Risks

(a) Clinical trial risks

The Group is currently undertaking a phase 3 clinical trial (ACTION3) for its proprietary product, DMX-200, for the treatment of Focal Segmental Glomerulosclerosis (FSGS). The Group releases material updates on the status of the ACTION3 clinical trial to ASX, including as part of its periodic reporting. The Group may undertake additional clinical trials in future, including but not limited to for DMX-200 and DMX-700. The Group may experience delay in achieving a number of critical milestones required to undertake clinical trials or meet significant data points. Manufacturing of clinical trial materials, logistics and distribution to clinical sites may result in significant additional cost and delay. Clinical trials might also potentially expose the Group to product liability claims if its products in development have unexpected effects on clinical subjects.

Clinical trials undertaken by the Group have many associated risks which may impact the profitability and future productions and commercial potential of the Group. They may prove unsuccessful or non-efficacious, impracticable or costly. The clinical trials could be terminated which will likely have a significant adverse effect on the Group, the value of its securities and the future commercial development of its products.

(b) Commercialisation risk

The current business strategy of the Group is to focus on drug discovery and to develop each asset to a stage of value determination leading to a commercial realisation. Typically, that will be a trade sale or license of individual drug candidates to a third party with greater resources and expertise to undertake late-stage drug development, regulatory approvals, and sales and marketing. There is no certainty that any of the Group’s drug candidates will be of interest to such a third party or, if a drug candidate is of interest to such a third party, that terms can be negotiated that are commercially acceptable to the Group or will adequately realise the value of the drug candidate.

(c) Competition risk

The industry in which the Group operates are characterised by rapid and continuous innovation and development. The Group faces substantial competition as new and existing companies enter the market and advances in research and technology become available. The Group’s product(s) or potential product(s) and services and expertise may be rendered obsolete or uneconomical by advances or entirely different approaches developed by either the Group or one or more of its competitors. The size and financial strength of some of the Group’s competitors may make it difficult for the Group to maintain a competitive position, including for the Group to respond effectively and/or in a timely manner to the actions of actual or potential competitors.

(d) Arrangements with Third-Party Collaborators

The Group may pursue collaborative arrangements with pharmaceutical and life science companies, academic institutions or other partners to complete the development and commercialisation of its products. These collaborators may be asked to assist with funding or performing clinical trials, manufacturing, regulatory approvals or product marketing. There is no assurance that the Group will attract and retain appropriate strategic partners or that any such collaborators will perform and meet commercialisation goals. If the Group is unable to find a partner, it would be required to develop and commercialise DMX-200 and DMX-700 (and other potential products) at its own expense. This may place significant demands on the Group’s internal resources and potentially delay the commercialisation of DMX-200 and DMX-700 (and other products).

(e) Intellectual Property risks

Obtaining, securing and maintaining the Group's intellectual property rights is an integral part of securing potential value arising from conduct of the Group's business. If patents are not granted, or if granted only for limited claims, the Group's intellectual property may not be adequately protected and may be able to be copied or reproduced by third parties. The Group may not be able to achieve its objectives, to commercialise its products or to generate revenue or other returns.

The patent position of biotechnology and pharmaceutical companies can be highly uncertain and frequently involves complex legal and factual questions. Accordingly, there can be no guarantee that any patent applications will be successful and lead to granted patents or all of the claims in any application will be granted. Furthermore, should such patent applications be granted, there is no guarantee competitors will not develop technology to avoid those patents, or that third parties will not seek to claim an interest in the intellectual property with a view to seeking a commercial benefit from the Group.

The Group has engaged patent attorneys to develop and implement an intellectual property strategy to seek to establish broad patent protection to enable it to guard its exclusivity, maintain an advantage over competitors and provide it with a basis for enforcement in the event of infringement, but there is no guarantee that this intellectual property strategy will be successful. There also can be no assurance employees, consultants or third parties will not breach their confidentiality obligations or not infringe or misappropriate the Group's intellectual property.

The Group seeks to mitigate the risk of unauthorised use of its intellectual property by limiting disclosure of sensitive material to particular employees, consultants and others on a need to know basis. Where appropriate, parties having potential access to such sensitive material will be required to provide written commitments to confidentiality and ownership of intellectual property.

(f) Third party intellectual property infringement claims

The Group's success depends, in part, on its ability to enforce and defend its intellectual property against third party challengers. The Group believes that the manner in which it proposes to conduct activities will minimise the risk of infringement upon another party's patent rights. However, there can be no assurance that another party will not seek to claim the Group is infringing upon their rights.

While the Group relies on the advice of its patent attorneys that its patent applications do not infringe third party patents, the Group is unable to state with certainty that another party will not claim its rights are infringed or, if litigation claiming that the Group is infringing the intellectual property rights of a third party is launched, what the result of any such litigation will be. If a third party accuses the Group of infringing its intellectual property rights or commences litigation against the Group for infringement of patent or other intellectual property rights, the Group may incur significant costs defending such action, whether or not it ultimately prevails.

(g) Non-intellectual property based litigation, claims and disputes

In addition to the above risks relating to intellectual property litigation, the Group may be subject to litigation and other claims and disputes in the course of its business, including contractual disputes with suppliers or customers, employment disputes, indemnity claims, and occupational and other claims. There is a risk that any such litigation, claim or dispute could materially adversely impact the Group's operating and financial performance due to the significant cost and time invested by management in investigating, commencing, defending and/or settling such matters. Any claim against the Group, if proven, may also have a sustained negative impact on its operations, financial performance, financial position and reputation.

The Group is not currently engaged in litigation and, as at the date of this Prospectus, the Directors are not aware of any legal proceedings pending or threatened against, or any material legal proceedings affecting, the Group.

(h) Trade Secrets

The Group relies on its trade secrets, including information relating to the manufacture, development and administration of its drug candidates. The protective measures employed by the Group may not provide adequate protection for its trade secrets. This may erode the Group's competitive advantage and materially harm its business. Further, the Group cannot be certain that others will not independently develop the same or similar technologies on their own or gain access to trade secrets.

(i) Regulatory risk, reimbursement approvals and government policy

Changes to the laws, regulations, standards and practices applicable to the industry in which the Group operates (for example, drug approval regulations and government R&D rebates) may increase costs and limit the Group's proposed scope of activity. The Group has little or no control over these risks. Consequently, there can be no firm assurance that the Group can effectively limit these risks, which could materially adversely affect its business, financial condition and results of operations.

The research, development, manufacture, marketing and sale of products using the Group's technology are subject to varying degrees of regulation by a number of government authorities in Australia and overseas. Products, including DMX-200 and DMX-700, developed using the Group's technology, must undergo a comprehensive and highly regulated development and review process before receiving approval for marketing. The process includes the provision of clinical data relating to the quality, safety and efficacy of the products for their proposed use.

Products may also be submitted for reimbursement approval. The availability and timing of that regulatory and/or reimbursement approval may have an impact upon the uptake and profitability of products in some jurisdictions. Furthermore, any of the products utilising the Group's technology may be shown to be unsafe, non-efficacious, difficult or impossible to manufacture on a large scale, uneconomical to market, compete with superior products marketed by third parties or not be as attractive as alternative treatments.

(j) R&D reimbursement risk

The Group has in the past and intends in future to apply for the Research and Development (R&D) tax incentive rebate to receive up to 43.5% refundable tax offset of eligible expenses associated with R&D initiatives. Whilst the Group is not aware of any reason why it would not be eligible to receive the R&D tax incentive rebate in the future, no guarantee can be given that the requirements for receiving the R&D tax incentive rebate will not change such that the Group no longer becomes eligible.

The Group received a secured loan representing pre-payment of 80% of its anticipated 2022 calendar year R&D tax incentive rebate from Radium Capital. In the event that the loan is not repaid from funds raised, if the 2022 R&D tax incentive rebate is delayed or the requirements change such that the Group becomes ineligible, there is a risk that the Group will be unable to repay the loan. As noted above however, the Group is not aware of any reason why it would not be eligible to receive the 2023 R&D tax incentive rebate and the Group is not aware of any reason why the 2023 R&D tax incentive rebate may be delayed.

(k) Management actions

The Directors will, to the best of their knowledge, experience and ability (in conjunction with the management team) endeavour to anticipate, identify and manage the risks inherent in the activities of the Group, but without assuming any personal liability, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Group and its securities.

The Group is dependent on the principal members of its scientific and development team, the loss of whose services could materially adversely affect the Group and may impede the achievement of its research and development objectives. Given the nature of the Group's activities, its ability to maintain its program is dependent on its ability to attract and maintain appropriately qualified personnel either within the Group or through contractual arrangements. If one or more of the Group's key personnel was unwilling or unable to continue in their current roles, there is a risk that the Group may be unable to recruit a suitable replacement on commercially acceptable terms or at all. The loss of any key personnel, without suitable and timely replacement, may significantly disrupt the operations of the Group's business and impede the Group's ability to implement its business plans. This may, in turn, have a materially adverse effect on both the financial performance and future prospects of the Group. The Group may also incur significant costs in recruiting and retaining new key personnel.

Further, the Group's current size affects its ability to provide substantial training and development opportunities to its key managers and personnel. Extensive ongoing development opportunities are not feasible for a small biotechnology Group such as the Group. The Group has sought to address this risk by hiring sufficiently qualified and skilled management and scientific development staff.

(l) Reliance on key personnel

The Group's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Group's business.

(m) Human Resources

The Group's future success depends on its continuing ability to retain and attract highly qualified and experienced personnel. Competition for such personnel can be intense and there can be no assurance that Dimerix will be able to attract and retain additional highly qualified personnel in the future, The ability to attract and retain necessary personnel could have a material adverse effect on the Group reputation and financial position.

(n) Future capital requirements

Pharmaceutical R&D activities require a high level of funding over a protracted period of time. Additional development costs may arise during this period and the Group may require additional funding to meet its stated objectives or may decide to accelerate or diversify its activities within the same area. The Group's requirement for additional capital may be substantial and will depend on many factors, some of which are beyond the Group's control, including:

- slower than anticipated research progress, including clinical trial recruitment;
- the requirement to undertake additional research;
- competing technological and market developments;
- the cost of protecting the Group's intellectual property; and
- progress with commercialisation of any of the Group's drug candidates.

The Group will constantly evaluate data arising from its pre-clinical and clinical studies that may indicate new uses for its products and allow the Group to file patents, thereby providing potential new development and partnering opportunities. Accordingly, the Group may alter its funding strategies to take advantage of such new opportunities if and when they present themselves.

There is no assurance that the funding required by the Group from time to time to meet its business requirements and objectives will be available to it, on favourable terms or at all. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act, the Directors may issue securities as they shall, in their absolute discretion, determine. To the extent available, any additional equity financing may dilute existing shareholdings and any debt financing may involve restrictions on the Group's financing and operating activities. If the Group is unsuccessful in obtaining funds when required, it may be necessary for it to reduce the scope of its operations.

Any of these consequences may significantly adversely impact the performance of the Group.

(o) Loss or theft of data

The Group complies with applicable privacy data protection laws. However, disruption by privacy breaches may impact the security of employee information/ data, unauthorised hacking, disruption, general misuse or unauthorised disclosure of data. The Group undertakes measures to prevent and detect the occurrence of such privacy breaches, there is a risk that such measures may not be adequate. Any data breach will need to be reported to the relevant authorities and may cause substantial reputational and financial damage to the Group.

Remuneration report (audited)

This remuneration report, 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 2023. 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 Sonia Maria Poli	Non-Executive Director
Mr Hugh Alsop	Non-Executive Director
Mr Clinton Snow (appointed 1 May 2023)	Non-Executive Director
Dr James Williams (resigned 23 December 2022)	Non-Executive Chairman

Executive Employees	Position
Dr Nina Webster	Chief Executive Officer/Managing Director
Dr Ashish Soman	Chief Medical Officer

Unless otherwise stated, 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.

Shareholder 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.

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 a phase 3 trial 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.

2023

	Short-term benefits Salary and fees $	Short-term benefits Bonus $	Short-term benefits Other[3] $	Post-employment benefits Superannuation $	Share based payment Options $	Total $	Performance related % %
Sonia Poli	60,000	-	-	-	-	60,000	-
Hugh Alsop	60,000	-	17,500	-	-	77,500	-
James Williams[1]	41,187	-	-	4,514	-	45,700	-
Clinton Snow[2]	9,050	-	-	950	-	10,000	-
Nina Webster (CEO)	349,500	-	12,026	25,292	-	386,818	6%
Ashish Soman	318,196	-	17,356	25,292	22,662	383,506	-
Total	837,933	-	46,882	56,048	22,662	963,524	

[1] Resigned 23 December 2022.
[2] Appointed 1 May 2023.
[3] Other comprises annual leave expense and long service leave expense for the year and a one off payment to Hugh Alsop in relation to additional services performed during the financial year.

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.

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 has not been paid a bonus relating to FY2023. (30 June 2022: $65,187 relating to FY2021 and $61,376 relating to FY2022.)

Incentive share-based payments arrangements
750,000 options were issued to key management personnel as remuneration during the year (30 June 2022: 599,140). No share options were exercised by key management personnel during the year (30 June 2022: nil).

The total share-based payment expense amortised for the financial year ended 30 June 2023 in relation to key management personnel was $22,662 (30 June 2022: $97,630).

No directors options were cancelled in 2023.

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 2023.

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.

On 23 December 2022 James Williams resigned as Non-Executive Chairman.

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.

Mr Clinton Snow

On 1 May 2023, Mr Clinton Snow was appointed as Non-Executive Director and his 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.
- Non entitlement to any compensation or damage or payment of any further director's fees for any period after termination
- Remuneration of $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 2022 remuneration increased to $349,500 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

2023

	Balance at 1 July	Received as part of remuneration	Additions	Disposals/ others	Balance at 30 June
Sonia Poli [1]	205,000	-	125,000	-	330,000
Hugh Alsop [2]	-	-	-	-	-
James Williams [1,5]	2,377,355	-	-	(2,377,355)	-
Clinton Snow [6]	-	-	-	-	-
Nina Webster [3]	95,000	-	187,500	-	282,500
Ashish Soman [4]	-	-	-	-	-
	2,677,355	-	312,500	(2,377,355)	612,500

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 [1,5]	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

[1] Appointed 3 July 2015
[2] Appointed 1 May 2017
[3] Appointed 27 August 2018
[4] Appointed 5 April 2022
[5] Resigned 23 December 2022 and balance held at resignation
[6] Appointed 1 May 2023

Share options of Dimerix Limited

2023

	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	204,702	-	136,336	-	341,038	341,038	341,038	136,336
Hugh Alsop	167,202	-	-	-	167,202	167,202	167,202	-
James Williams [1]	327,236	-	-	(327,236)	-	-	-	-
Clinton Snow [2]	-	-	-	-	-	-	-	-
Nina Webster	6,376,975	-	221,667	-	6,598,642	6,598,642	6,598,642	221,667
Ashish Soman	-	750,000	-	-	750,000	247,500	247,500	247,500

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	-	-	-	-	-	-	-	-

[1] James Williams resigned as Non-Executive Chairman on 23 December 2022
[2] Clinton Snow appointed on 1 May 2023

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

____
Mr Hugh Alsop
Non-Executive Director

30 August 2023
Melbourne, Victoria

Stantons

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Australia

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30 August 2023

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

Dear Directors

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 2023, 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
(An Authorised Audit Company)

Samir Tirodkar
Director

Liability limited by a scheme approved under Professional Standards Legislation

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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 (collectively, "the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, 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 2023 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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Material Uncertainty in Relation to Going Concern

We draw attention to Note 2.4 in the consolidated financial statements, which indicates that the Group incurred a net loss after tax of $13,802,819 and had a net cash outflow from operations of $12,728,659 during the financial year ended 30 June 2023. These events or conditions, along with other matters, as set forth in Note 2.4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified with respect to this matter.

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 matters were addressed in the audit
Accounting for Research and Development tax 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 incentives and a corresponding receivable of $8,934,637 under the relevant scheme for the 2023 financial year. (Refer to Note 6 to the consolidated financial statements. The accounting policy is outlined in Note 2.6). Accounting for R&D tax incentives is considered a key audit matter because of the judgment involved in assessing the appropriate quantum of R&D tax incentive to be recognised based on the eligibility rules and regulations governing these tax incentives.	Inter alia, our audit procedures included the following: 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 2022 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.
Accounting for convertible notes	
As disclosed in Note 13 to the consolidated financial statements, during the year, the	Inter alia, our audit procedures included the following:

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Key Audit Matters	How the matters were addressed in the audit
Group issued 3,850,000 convertible notes to Mercer Street Global Opportunity Fund LLC ("Mercer") with a face value of $1.00. Total proceeds received by the Group amounted to $3,500,000 after 10% discount in accordance with the agreement. Accounting for the convertible note was considered a key audit matter due to: ▪ the complexity involved in assessing whether to account for the notes as equity, a liability, or a combination of both; ▪ measurement at the initial recognition of the individual components of the liability based on the terms and conditions of the agreement and the significant judgment in determining the fair value of the separate components of the liability; and ▪ measurement subsequent to initial recognition including the fair value measurement at balance date.	i. Obtained an understanding of and assessed the terms and conditions of the convertible note agreement to determine if the convertible notes are to be accounted for as equity, liability or a combination of both; ii. Obtained and reviewed the appropriateness and reasonableness of the valuation methodology used by the Group, including the inputs used in the valuation against the requirements of the relevant Australian Accounting Standards; iii. Assessed and evaluated the competence, capabilities and objectivity of the management's expert and determined that the work is adequate for our purposes; iv. Recalculated the fair value of the instrument at inception, and its subsequent measurement as at balance date; and v. Assessed the adequacy of the disclosures in accordance with the applicable 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 2023 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.

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.

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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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 25 to 31 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Dimerix Limited for the year ended 30 June 2023 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
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

Samir Tirodkar
Director

West Perth, Western Australia
30 August 2023

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 2023 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

____
Mr Hugh Alsop
Non-Executive Director

30 August 2023
Melbourne, Victoria

Dimerix Limited and controlled entity
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	30 June 2023 $	30 June 2022 $
Continuing operations			
Revenue	5	36,787	2,368
Other Income	6	8,983,737	6,463,455
Expenses			
Research and development expenses		(20,473,575)	(14,389,424)
Corporate administration expenses	7	(2,283,714)	(2,437,136)
Share-based payment expenses	22	(66,054)	(129,842)
(Loss) before income tax expense		**(13,802,819)**	**(10,490,579)**
Income tax expense	8	-	-
(Loss) after income tax expense for the year attributable to the owners of Dimerix Limited	19	**(13,802,819)**	**(10,490,579)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) for the year attributable to the owners of Dimerix Limited		**(13,802,819)**	**(10,490,579)**
		Cents	Cents
Basic and diluted (loss) per share	9	(4.24)	(3.56)

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 2023

	Note	30 June 2023 $	30 June 2022 $
Assets			
Current assets			
Cash and cash equivalents	25	7,991,792	9,629,756
Trade, other receivables and prepayments	10	9,737,851	6,785,690
Right-of-use asset	11	21,457	72,973
Total current assets		**17,751,100**	**16,488,419**
Non-current assets			
Property, plant and equipment	12	6,413	8,607
Total non-current assets		**6,413**	**8,607**
Total assets		**17,757,513**	**16,497,026**
Liabilities			
Current liabilities			
Trade and other payables	13	5,665,700	1,862,688
Borrowings	14	5,935,860	-
Lease liabilities	11	21,949	52,117
Provisions	15	132,786	108,838
Total current liabilities		**11,756,295**	**2,023,643**
Non-current liabilities			
Lease liabilities	11	-	20,982
Provisions	15	38,099	29,761
Total non-current liabilities		**38,099**	50,743
Total liabilities		**11,794,394**	**2,074,386**
Net assets		**5,963,119**	**14,422,640**
Equity			
Issued capital	17	55,489,363	50,895,134
Reserves	18	2,574,721	1,825,652
Accumulated losses	19	(52,100,965)	(38,298,146)
Total equity		**5,963,119**	**14,422,640**

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 2023

	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**

	Issued capital $	Reserves $	Accumulated Losses $	Total equity $
Balance at 1 July 2022	50,895,134	1,825,652	(38,298,146)	14,422,640
Loss after income tax expense for the year	-	-	(13,802,819)	(13,802,819)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	**(13,802,819)**	**(13,802,819)**
Issue of ordinary shares	5,356,080	-	-	5,356,080
Share issue costs (Note 17)	(761,851)	-	-	(761,851)
Options issued as part of convertible notes (Note 14)	-	479,001	-	479,001
Recognition of share-based payments (Note 18)	-	270,068	-	270,068
Balance at 30 June 2023	**55,489,363**	**2,574,721**	**(52,100,965)**	**5,963,119**

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 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipt of Research and Development tax refund		6,032,644	3,695,562
Other government grants and incentives		50,330	473,893
Payments to suppliers and employees		(18,848,420)	(17,607,760)
Interest received		36,787	2,368
Net cash (used in) operating activities	25	(12,728,659)	(13,435,937)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(2,299)	(10,614)
Net cash (used in) investing activities		(2,299)	(10,614)
Cash flows from financing activities			
Proceeds from issue of shares	17	5,224,830	20,499,874
Proceeds from exercise of options	17	-	180,000
Proceeds from issue of convertible notes	14	3,500,000	-
Proceeds from borrowings	14	2,842,500	-
Payment for share issue costs		(444,614)	(1,240,006)
Interest and other finance costs paid		(1,845)	-
Repayment of borrowings and interest on borrowings		-	(1,700,000)
Repayment of lease liability	11	(51,686)	(47,433)
Payment of other finance costs		-	(1,398)
Net cash provided by financing activities		11,069,185	17,691,037
Net (decrease)/increase in cash and cash equivalents		(1,661,773)	4,244,486
Cash and cash equivalents at the beginning of the financial year		9,629,756	5,250,094
Effects of exchange rate changes on cash and cash equivalents		23,809	135,176
Cash and cash equivalents at the end of the financial year	25	**7,991,792**	**9,629,756**

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 2023.

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 2023 the Group incurred a loss after tax of $13,802,819 (30 June 2022: $10,490,579) and a net cash outflow from operations of $12,728,659 (30 June 2022: $13,435,937). At 30 June 2023, the Group had current assets of $17,751,100 (30 June 2022: $16,488,419), current liabilities of $11,756,295 (30 June 2022: $2,023,643) and current cash holding was $7,991,792 (30 June 2022: $9,629,756). Commitment expenditure is disclosed in Note 26.

The ability of the company to continue as a going concern is principally dependent upon the ability of the company to secure funds, which could arise from a combination of executing a transaction, raising capital from equity markets or other funding sources. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the company to continue as a going concern.

The directors have prepared a cash flow forecast, which indicates that the company will be required to obtain additional capital in order to have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. 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
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs.

2. Significant accounting policies (continued)

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Conversion features that fail the equity classification are accounted for as derivative liabilities.

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. Significant accounting policies (continued)

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.

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:

2. Significant accounting policies (continued)

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

Classifications are determined by both:

- 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.

2. Significant accounting policies (continued)

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.

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, borrowings 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 and Amended Accounting Policies Adopted by the Group
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.

2. Significant accounting policies (continued)

AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*
The Entity adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.
The adoption of the amendment did not have a material impact on the financial statements.
AASB 2021-7a: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
AASB 2020-7a makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022. The adoption of the amendment did not have a material impact on the financial statements

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 convertible notes.

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

	2023 $	2022 $
Interest received	36,787	2,368

6. Other Income

	2023 $	2022 $
Research & Development tax incentive	8,934,637	6,032,644
Other government incentives[1]	49,100	430,811
	8,983,737	6,463,455

[1]In 2023 $12,500 was received in relation to the MTP Connect BTB Grant (2022: $430,811).

7. Corporate administration expenses

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

	2023 $	2022 $
Company secretary fees	24,000	24,000
Depreciation and amortisation	56,009	50,545
Directors renumeration	193,201	243,600
Salary and wages	353,045	596,511
Rental expense	3,035	900
Legal and professional fees	57,204	46,734
Share registry fees	44,617	57,069
Insurance expenses	177,837	182,024
Other administration expenses	1,374,766	1,235,753
	2,283,714	2,437,136

8. Income tax expense

8.1 Income tax recognised in profit and loss

	2023 $	2022 $
Current tax benefit	(343,548)	(536,824)
Deferred tax expense	(120,133)	(116,936)
Tax losses not recognised	463,681	653,760
Total Tax expense/(benefit)	-	-

	2023 $	2022 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(13,802,819)	(10,490,579)
Tax at the statutory tax rate of 25%	(3,450,705)	(2,622,645)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	5,220,683	3,477,046
Non-assessable income	(2,233,659)	(1,508,161)
Effect of unused tax losses not recognised as deferred tax assets	463,681	653,760
Income tax expense	-	-

The tax rate used for the reconciliation above is the corporate tax rate of 25.00% (30 June 2022: 25.00%) 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 2023 $	30 June 2022 $
Current tax		
Share issue costs	116,439	106,608
Deferred tax		
Share issue costs deductible over 5 years	16,394	7,462
	132,833	114,070

8.3 Unrecognised deferred tax assets

	30 June 2023 $	30 June 2022 $
Unused tax losses for which no deferred tax assets have been recognised	4,987,547	4,309,834
Temporary differences	486,711	(262,180)

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

	2023	2022
Basic and diluted (loss) per share (cents per share)	(4.24)	(3.56)

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

	2023 $	2022 $
(Loss) after income tax attributable to the owners of Dimerix Limited	(13,802,819)	(10,490,579)

	2023	2022
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	325,529,108	294,310,625

9. Basic and diluted loss per share (continued)

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

10. Trade, other receivables and prepayments

	30 June 2023 $	30 June 2022 $
Other receivables	9,553,543	6,385,126
Prepayments	184,308	400,564
	9,737,851	6,785,690

The other receivables at the reporting date include Research and Development tax incentive of $8,934,637 (30 June 2022: $6,032,644). 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 2023 includes the amount of $15,899 (30 June 2022: $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 in the financial year ended 30 June 2022 (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 asset

	30 June 2023 $	30 June 2022 $
Land and buildings - on initial recognition	77,266	77,266
Less: Accumulated depreciation	(55,809)	(4,293)
Carrying value at end of period	21,457	72,973

11.2 Lease liability

	30 June 2023 $	30 June 2022 $
Current		
Property Lease Liability	21,949	52,117
Non-current		
Property Lease Liability	-	20,982
Total Lease Liability	21,949	73,099

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

	30 June 2023 $	30 June 2022 $
Depreciation - right of use asset	51,516	47,116
Interest expense - lease liability	1,982	1,160
Lease payments during the year	53,040	48,420

	30 June 2023 $	30 June 2022 $
Reconciliation of carrying amount of right-of-use asset		
Carrying value at the beginning of the year	72,973	42,823
Additions / lease inception	-	77,266
Depreciation	(51,516)	(47,116)
Carrying value at end of year	21,457	72,973

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 prior year, the Group entered into a 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 was $77,266.

The right-of-use asset is being depreciated over the lease term on a straight-line basis. Depreciation expense of $51,516 (30 June 2022: $47,116) 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 $1,982 (30 June 2022: $1,160) 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 2023 $	30 June 2022 $
Non-current assets		
Computer equipment - at cost	40,198	37,899
Less: Accumulated depreciation	(33,785)	(29,292)
	6,413	8,607

	30 June 2023 $	30 June 2022 $
Cost		
Balance at 1 July	37,899	27,285
Additions	2,299	10,614
Balance at 30 June	40,198	37,899
	40,198	37,899

	30 June 2023 $	30 June 2022 $
Accumulated depreciation		
Balance at 1 July	29,292	25,863
Depreciation expense	4,493	3,429
Balance as at 30 June	33,785	29,292
Net book value	6,413	8,607

13. Trade and other payables

	30 June 2023 $	30 June 2022 $
Trade payables	5,137,115	1,110,832
Accruals and other payables	528,585	751,856
	5,665,700	1,862,688

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

14. Borrowings

	30 June 2023 $	30 June 2022 $
Research & development advance principle amount (a)	2,842,500	-
Research & development advance accrued interest (a)	147,591	-
Convertible notes payable - derivative financial liability (b)	2,889,749	-
Convertible notes interest payable (b)	56,020	-
	5,935,860	-

(a) During the financial year, the Group entered into a credit facility agreement with Radium Capital. The credit facility represents an amount payable to Radium Capital and was secured by the Research and Development Tax Incentive receivable for the financial year ended 30 June 2023 (refer to note 10). Interest is payable at the rate of 14.00% per annum.

(b) During the financial year the Group issued 3,850,0000 convertible notes ("Notes") to Mercer Street Global Opportunity Fund, LLC ("Mercer"), with a face value of $1.00 each, for total proceeds of $3,500,000. The Notes were issued in two Tranches, with the first Tranche issued under the placement capacity available to the Company under Listing Rule 7.1 (1,760,000 Notes with a subscription price of $1.6 million), with the second Tranche issued after receiving shareholder approval (2,090,000 Notes with a subscription price of $1.9 million).

The Notes have nil interest rate except in the case of an event of default. The Notes are convertible into ordinary shares of the parent entity, at any time at the option of the note holder, or repayable 18 months from issue. The Company has the right to repurchase the Notes, at any time during the Term of each Note, at 105% of the outstanding face value. If the Company elects to repurchase the Notes, the Investor will have the right to submit a notice of conversion to convert some or all of the outstanding Notes prior to full repayment.

The Notes issued in Tranche 1 under the placement capacity available to the Company under Listing Rule 7.1 are convertible at $0.11 for the first three (3) months after issue (Conversion Price A). Except as required under Conversion Price A, the Notes are convertible at the lesser of $0.11 and 90% of the average two (2) daily VWAPs of the shares of the Company, from the fifteen (15) Trading Days on which the shares of the Company traded in the ordinary course of business on the ASX and ending on the date immediately prior to notice of Conversion, such two days being chosen by the Noteholder at its complete discretion (Conversion Price B), subject to a minimum conversion (floor) price of $0.05.

As part of the convertible note agreement, the Company also issued 1,875,000 shares (commencement shares) and 11,363,636 options at an exercise price of 15.4 cents per option. The commencement shares were issued in May 2023 and the options were issued in June 2023 after obtaining shareholder approval.

The Company has identified the embedded derivatives related to the above describe note as it included variable conversion features. The accounting treatment requires that the Company record the fair value of the derivative financial liability as of the inception date of the Note and to fair value as of each subsequent reporting date. The value attributed to the shares and options issued is the residual value.

The Company determined that the most probable settlement is by issuing shares at 90% of the fair value of a VWAP and the total amount to be settled will be $4,283,333. The fair value of the derivative liability at inception using a discount rate of 30% was determined to be $2,889,479.

14. Borrowings (continued)

The principal amount and unamortised debt discount of the convertible are as follows:

	30 June 2023 $	30 June 2022 $
At inception date		
Settlement amount	4,283,333	-
Unamortised debt discount	(1,393,584)	-
Fair value of the derivative liability at inception	2,889,749	-

The amortisation of debt discount for the year is as follows:

	30 June 2023 $	30 June 2022 $
Interest expense	56,020	-

The Company allocated the proceeds based on the relative fair value of the derivative liability and the residual amount is allocated against the shares and options issued as follows:

	30 June 2023 $	30 June 2022 $
Total proceeds received	3,500,000	-
Less fair value of derivative liability	(2,889,749)	-
Residual value to be allocated to equity instruments	610,251	-
Commencement shares issued (1,875,000 @.070 per share) (Note 17)		
Options issued (11,363,636 options)	131,250	-
Options issued (11,363,636 options) (Note 22.3)	479,001	-
Total value of equity instruments issued	610,251	-

15. Provisions

	30 June 2023 $	30 June 2022 $
Provision for employee entitlements - current	132,786	108,838
Non-current liabilities		
Long service leave	38,099	29,761
	170,885	138,599

16. Subsidiary

	30 June 2023 %	30 June 2022 %
Dimerix Bioscience Pty Ltd	100%	100%

17. Issued capital

	30 June 2023 Shares	30 June 2023 $	30 June 2022 Shares	30 June 2022 $
Ordinary shares - fully paid	388,059,039	55,489,363	320,873,666	50,895,134

	30 June 2023 No.	30 June 2023 $	30 June 2022 No.	30 June 2022 $
Balance at beginning of the year	320,873,666	50,895,134	197,999,297	28,389,114
Issue of ordinary shares	65,310,373	5,224,830	102,499,369	20,499,874
Exercise of options	-	-	1,000,000	180,000
Capital raising costs	-	(761,851)	-	(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
Shares issued as a part of convertible note (c)	1,875,000	131,250	-	-
Balance at end of year	**388,059,039**	**55,489,363**	**320,873,666**	**50,895,134**

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 2021, 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.

(b) During the prior 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 2023 was $190,789 (30 June 2022: $168,311) and $15,899 has been recognised as part of prepayments (see Note 10).

(c) During the year, the Group issued 1,875,000 ordinary shares to Mercer Street Global Opportunity Fund, LLC, as required under the Convertible Securities Agreement. The ordinary shares have been valued at opening market price on the date of issuance. Refer to Note 14(b) for further details.

18. Reserves

	30 June 2023 $	30 June 2022 $
Share-based payments reserve	2,574,721	1,825,652

Share- based payments reserve

	30 June 2023 $	30 June 2022 $
Balance at beginning of year	1,825,652	886,952
Arising on share-based payments[1]	270,068	938,700
Issued as part of convertible notes	479,001	-
Balance at end of year	2,574,721	1,825,652

[1]The total share-based payment recognised as a cost of raising capital and deducted from equity for the year ended 30 June 2023 was $204,014 (30 June 2022: $808,848).

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

19. Accumulated losses

	30 June 2023 $	30 June 2022 $
Accumulated losses at the beginning of the financial year	(38,298,146)	(27,807,567)
Loss after income tax expense for the year	(13,802,819)	(10,490,579)
Accumulated losses at the end of the financial year	(52,100,965)	(38,298,146)

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 2022.

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. Financial instruments (continued)

21.2 Categories of financial instruments

	30 June 2023 $	30 June 2022 $
Financial assets		
Cash and cash equivalents	7,991,792	9,629,756
Trade and other receivables	9,553,543	6,385,126
	17,545,335	16,014,882
Financial liabilities		
Trade and other payables	5,665,700	1,862,688
Borrowing	5,935,860	-
Lease liability	21,949	73,099
	11,623,509	1,935,787

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.

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 2023, the Company has cash denominated in US dollars US$55,658 (30 June 2022: US$594,207). The A$ equivalent at 30 June 2023 is $83,783 (30 June 2022: $861,827). A 5% movement in foreign exchange rates would increase the Group's loss before tax by approximately $3,990 (30 June 2022: $43,091).

21. Financial instruments (continued)

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 2023 would increase/decrease by $14,544 (30 June 2022: $62,878).

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.

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.

2023

	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	5,665,700	5,665,700	-	-	-	5,665,700
Borrowings	5,935,860	-	-	5,935,860	-	5,935,860
Lease liability	21,949	4,359	13,170	4,420	-	21,949
	11,623,509	5,670,059	13,170	5,940,280	-	11,623,509

21. Financial instruments (continued)

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 Liabilities	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

22. Share-based payment expenses

	2023 $	2022 $
Arising on issuance of options	66,054	129,842

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, 750,000 options were granted to a key management personnel in accordance with the Company's ESOP with an exercise price of $0.40 per share. The options expire 21 July 2026 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	77%
Risk-free interest rate (%)	3.23%
Expected life of options (years)	4.00
Exercise price ($)	0.400
Underlying security price at grant date	0.145
Expiry date	21 July 2026
Valuation per option ($)	0.053

The deemed fair value of options granted to the key management personnel at grant date is $39,548. The amount vested as for the financial year ended 30 June 2023 for these options amounted to $22,662.

The total share-based payment recognised including the expense from the above options issued to employees as corporate administration expense was $66,054.

22. Share-based payment expenses (continued)

22.2 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 4,500,000 options were issued to Bell Potter Securities Limited for their services in connection with the capital raise announced on 04 May 2023. Under the capital raise mandate, 4,500,000 listed options were issued on 28 June 2023 at an exercise price of 15.4 cents per share, expiring on 30 June 2025. The vesting date of the options is the issue date. The fair value of the listed options is equal to the market value of the options on the grant date.

The deemed fair value of options granted to advisors at grant date is $81,000. These options vested immediately and were recognised as a cost of raising capital.

During the prior 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.

22.3 Options issued to convertible note holder

During the year 11,363,636 listed options were issued to Mercer Street Global Opportunity Fund, LLC in connection with the issuance of Convertible Notes. Under the Convertible Securities Agreement (CSA), the number of options issued is equal to 50% of the total funds raised under Tranche 1 ($1,750,000), divided by $0.154 (15.4 cents), being equal to 150% of the 20-day VWAP immediately prior to the execution of the CSA (which was $0.1026, 10.26 cents) (3,500,000 / 2 = 1,750,000, 1,750,000 / 0.154 = 11,363,636 options). 11,363,636 listed options were issued on 28 June 2023 at an exercise price of 15.4 cents per share, expiring on 30 June 2025. The vesting date of the options is the issue date. The fair value of the options at grant date has been determined as part of the residual value after allocating the fair value of the derivative liability against total proceeds. Refer to note 14(b).

22. Share-based payment expenses (continued)

The deemed fair value of options granted to convertible note holder at grant date is $479,001.

22.4 Options issued to underwriters

During the year 7,159,784 listed options were issued to Sub-Underwriters as a part of the capital raised announced 04 May 2023. 5,862,368 listed options were issued on 15 June 2023 to unrelated parties and 1,297,416 listed options issued on 28 June 2023 to related parties (following shareholder approval at the General Meeting on 20 June 2023). The number of listed options issued to Sub-Underwriters was equal to two and a half (2.5) listed options for every $1 sub-underwritten. The listed options have an exercise price of 15.4 cents per share and expire on 30 June 2025. The vesting date of the options is the issue date. The fair value of the listed options is equal to the market value of the options on the grant date.

The deemed fair value of options granted to underwriters at grant date is $123,014. These options vested immediately and were recognised as costs of raising capital.

22.5 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 prior 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:

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.

22.6 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 October 2019 1/12 vest on 31 January 2020 1/12 vest on 30 April 2020 1/12 vest on 31 July 2020 1/12 vest on 30 October 2020 1/12 vest on 31 January 2021 1/12 vest on 30 April 2021 1/12 vest on 31 July 2021 1/12 vest on 30 October 2021	0.18
2,117,325	30/10/2018	30/10/2023	0.042	1/3 vest on 30 October 2019 1/12 vest on 31 January 2020 1/12 vest on 30 April 2020 1/12 vest on 31 July 2020 1/12 vest on 30 October 2020 1/12 vest on 31 January 2021 1/12 vest on 30 April 2021 1/12 vest on 31 July 2021 1/12 vest on 30 October 2021	0.27
2,117,325	30/10/2018	30/10/2023	0.036	1/3 vest on 30 October 2019 1/12 vest on 31 January 2020 1/12 vest on 30 April 2020 1/12 vest on 31 July 2020 1/12 vest on 30 October 2020 1/12 vest on 31 January 2021 1/12 vest on 30 April 2021 1/12 vest on 31 July 2021 1/12 vest on 30 October 2021	0.36
375,000	15/03/2019	31/01/2024	0.026	1/2 vest on 30 September 2019 1/2 vest on 17 February 2021	0.18

22. Share-based payment expenses (continued)

375,000	15/03/2019	31/01/2024	0.180	1/2 vest on 30 September 2019 1/2 vest on 17 February 2021	0.27
8,500,000	27/09/2021	30/07/2024	0.095	27 September 2021	0.40
599,140	27/09/2021	30/07/2024	0.158	05 October 2021	0.40
1,000,000	10/11/2021	03/12/2025	0.100	1/2 vest on 15 April 2023 1/2 vest on 15 January 2025	0.40
750,000	21/07/2022	21/07/2026	0.053	1/3 vest on 21 July 2023 1/3 vest on 21 July 2024 1/3 vest on 21 July 2025	0.40
4,500,000	28/06/2023	30/06/2025	0.011	28 June 2023	0.15
11,363,636	28/06/2023	30/06/2025	0.042	28 June 2023	0.15
5,862,368	15/06/2023	30/06/2025	0.017	15 June 2023	0.15
1,297,416	28/06/2023	30/06/2025	0.018	28 June 2023	0.15

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

Fair value of share options granted in the year

The deemed fair value of options granted during the year is $705,676 (30 June 2022: $1,003,098).

- On 21 July 2022, the Company issued 750,000 employee options as a part of the Employee Omnibus Plan
- On 28 June 2023, the Company issued 11,363,636 options to the convertible note holder.
- On 15 June 2023, the Company issued 5,862,838 options to sub-underwriters who were unrelated third parties
- On 28 June 2023, the Company issued 4,500,000 advisor options as a part of a capital raise
- On 28 June 2023, the Company issued 1,297,416 options to sub-underwriters who were related third parties.

Movements in all share options during the year

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

	2023 Number of options No.	2023 Weighted average exercise price $	2022 Number of options No.	2022 Weighted average exercise price $
Balance at beginning of the year	77,951,112	0.386	8,851,975	0.248
Granted during the year	89,083,346	0.146	70,099,137	0.400
Expired during the year	(750,000)	0.180	(1,000,000)	0.180
Balance at end of year	166,284,458	0.258	77,951,112	0.386
Exercisable at end of year	165,034,458	0.258	76,951,112	0.381

22. Share-based payment expenses (continued)

22.7 Share options exercised during the year
There were no share options exercised during the year (30 June 2022: 1,000,000).

22.8 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 $0.258 (30 June 2022: $0.386) and a weighted average remaining contractual life of 466 days (30 June 2022: 736 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:

	2023 $	2022 $
Short-term employee benefits	884,817	797,845
Post-employment benefits	56,048	46,151
Share-based payments	22,662	97,630
	963,527	941,626

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.

Unlisted options were issued to a key management employee and listed options were issued to directors in lieu of being sub underwriters as described in Notes 22.1, 22.4 and 22.5.

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

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 2023 $	30 June 2022 $
Cash and cash equivalents	7,991,792	9,629,756

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

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

Cashflow from operating activities

	2023 $	2022 $
Loss after income tax expense for the year	(13,802,819)	(10,490,579)
Adjustments for:		
Depreciation and amortisation	56,009	50,545
Share-based payments (Note 22)	66,054	129,842
Foreign exchange differences	23,809	135,176
Accrued interest on borrowings (Note 14)	205,501	151,160
Costs in exchange for shares (Note 17(b))	190,789	95,395
Movement in working capital:		
Decrease/(increase) in prepayments	25,467	(322,243)
Increase in trade and other receivables	(3,168,417)	(2,337,082)
Increase/(decrease) in trade and other payables	3,642,692	(921,496)
Increase in other provisions	32,256	73,345
Net cash (used in) operating activities	**(12,728,659)**	(13,435,937)

(b) Changes in liabilities arising from financing activities

	1 July 2022 $	Additions $	Cash flows $	Other $	30 June 2023 $
Lease liabilities	73,099	-	(51,686)	536	21,949
Borrowings	-	6,342,500	-	(406,640)[2]	5,935,860
	73,099	6,342,500	(51,686)	(406,104)	5,957,809

	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

The "Other" column includes:

[1] Shares issued in lieu of payment of a $3,500,000 loan.

[2] Includes accrued interest of $203,611 and net of residual amount of equity instruments of $610,251 (Note 14)

26. Commitments and contingencies

The Group has entered into a number of agreements related to research and development activities. As at 30 June 2023, under these agreements, the Group is committed to making payments over future periods, as follows:

	30 June 2023
During the period 1 July 2022 – 30 June 2023	15,909,071
During the period 1 July 2023 – 30 June 2024	290,006
	16,199,077

Where commitments are denominated in foreign currencies, the amounts have been converted to Australian dollars based on exchange rates prevailing as at 30 June 2023.

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:

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	53,700	49,140
Other non-audit services[1]	17,525	-
	71,225	49,140

[1]Other non-audit services relate to the preparation of an Independent Expert Report.

28. Events after the reporting period

On 08 August 2023 the Company issued 1,256,250 ordinary shares, 628,125 listed options and 628,215 unlisted options in relation to the placement of shortfall securities under the Prospectus lodged with ASIC and released to ASX on 04 May 2023.

On 28 August 2023 the Company issued 2,250,000 ordinary shares, 1,125,000 listed options and 1,125,000 unlisted options in relation to the placement of shortfall securities under the Prospectus lodged with ASIC and released to ASX on 04 May 2023.

No other matter or circumstance has arisen since 30 June 2023 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 2023 and 30 June 2022 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	
	2023 $	2022 $
Loss after income tax	(16,075,968)	(14,406,362)
Total comprehensive loss	(16,075,968)	(14,406,362)

Statement of financial position

	Parent	
	30 June 2023 $	30 June 2022 $
Total current assets	4,123,891	8,812,908
Total assets	4,123,891	8,812,908
Total current liabilities	6,268,843	231,043
Total non-current liabilities	16,088	10,236
Total liabilities	6,284,931	241,279
Net (liabilities)/ assets	(2,161,040)	8,571,629
Equity		
Issued capital	85,432,276	80,838,046
Share-based payments reserve	2,738,700	1,989,631
Accumulated losses	(90,332,016)	(74,256,048)
Total (deficit)/ equity	(2,161,040)	8,571,629

ASX Additional Information as at 28th August 2023

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	253	102,678	0.03%
1,001 - 5,000	1,380	4,054,085	1.04%
5,001 - 10,000	900	7,100,968	1.81%
10,001 - 100,000	1,911	67,668,400	17.28%
100,001 - 9,999,999,999	547	312,639,158	79.84%
Totals	**4,991**	**391,565,289**	**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.

Quoted Options, exercisable at $0.154 expiring 30 June 2025

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	80	41,953	0.07%
1,001 - 5,000	128	321,446	0.56%
5,001 - 10,000	70	497,686	0.87%
10,001 - 100,000	122	4,575,825	7.97%
100,001 - 9,999,999,999	49	51,994,598	90.53%
Totals	**449**	**57,431,508**	**100.00%**

Unquoted Options

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	77	41,572	0.04%
1,001 - 5,000	513	1,617,715	1.44%
5,001 - 10,000	277	1,868,762	1.65%
10,001 - 100,000	754	23,184,372	20.63%
100,001 - 9,999,999,999	168	85,646,779	76.23%
Totals	**1,789**	**112,359,200**	**100.00%**

Unquoted Securities

- 2,117,325 unlisted options $0.18 expiring 30 October 2023 are held by Nina Webster;
- 2,117,325 unlisted options $0.27 expiring 30 October 2023 are held by Nina Webster;
- 2,117,325 unlisted options $0.36 expiring 30 October 2023 are held by Nina Webster;
- 375,000 unlisted options $0.18 expiring 31 January 2024 are held by an individual ESOP holder;
- 375,000 unlisted options $0.27 expiring 31 January 2024 are held by an individual ESOP holder;
- 8,500,000 unlisted options $0.40 expiring 30 July 2024 are held by Canaccord Genuity;
- 599,140 unlisted options $0.40 expiring 30 July 2024 are held by two Non-Executive Directors and a former Non-Executive Director;

- 59,999,997 unlisted options $0.40 expiring 30 July 2024 are held by SPP and Placement participants (1,473 total holders)
- 1,000,000 unlisted options $0.40 expiring 03 December 2025 are held by ESOP holders;
- 750,000 unlisted options $0.40 expiring 21 July 2026 are held by Ashish Soman
- 34,408,088 unlisted options $0.126 expiring 31 March 2024 are held by Entitlement Offer participants (441 total holders)
- 3,850,000 unlisted convertible notes are held by Mercer Street Global Opportunity Fund LLC

Unmarketable parcels

There are 1,979 shareholdings held with less than a marketable parcel.

Substantial shareholders

	Number of shares	% holding
Mr Peter Meurs	64,929,440	16.58%

Restricted securities

Nil

On-Market buy-back

There is no current on-market buy-back.

Twenty (20) largest shareholders of quoted ordinary shares

Position	Holder Name	Holding	% IC
1	MR PETER FLETCHER MEURS	35,572,412	9.08%
2	SKIPTAN PTY LTD <P&M MEURS FAMILY A/C>	29,357,028	7.50%
3	FREEDOM TRADER PTY LTD	9,375,152	2.39%
4	BAVARIA BAY PTY LTD	7,316,992	1.87%
5	YODAMBAO PTY LTD <YODAMBAO INVESTMENT A/C>	6,362,603	1.62%
6	MRS MELINDA JANE COATES & MR ANDREW JOSEPH COATES <MELINDAJCOATES SUPERFUND A/C>	5,000,000	1.28%
7	MR PHILIP ROBERT SCOTT	4,425,000	1.13%
7	MRS JULIE MAREE SCOTT	4,425,000	1.13%
8	MR ANDREW JOSEPH COATES & MRS MELINDA JANE COATES <AJ & MJ COATES S/F A/C>	4,311,500	1.10%
9	MR RICHARD STANLEY DE RAVIN	4,200,000	1.07%
10	TAMER YIGIT PROPERTY GROUP PTY LTD	3,870,000	0.99%
11	MR TAYLOR NICHOLAS GREEN	3,500,000	0.89%
12	MR ANTHONY MARK VAN DER STEEG	3,090,519	0.79%
13	LIMNOS 34 PTY LTD	3,000,728	0.77%
14	MRS GWEN MURRAY PFLEGER <PFLEGER FAMILY A/C>	2,807,984	0.72%
15	RUBI HOLDINGS PTY LTD <JOHN RUBINO SUPER FUND A/C>	2,500,000	0.64%
16	COATES FAMILY OFFICE PTY LTD <COATES FAMILY OFFICE A/C>	2,300,000	0.59%
17	TOROHA PTY LTD <THE WHITE FAMILY A/C>	2,137,753	0.55%
18	MOORE FAMILY NOMINEES PTY LTD <MOORE FAMILY SUPER FUND A/C>	2,000,000	0.51%
18	SOLEQUEST PTY LTD	2,000,000	0.51%
19	CITICORP NOMINEES PTY LIMITED	1,953,707	0.50%
20	JAMPASO PTY LTD <WILLIAMS FAMILY A/C>	1,778,742	0.45%
	Total	**141,285,120**	**36.08%**
	Total issued capital - selected security class(es)	**391,565,289**	**100.00%**

Twenty (20) largest shareholders of quoted options

Position	Holder Name	Holding	% IC
1	MERCER STREET GLOBAL OPPORTUNITY FUND LLC	11,363,636	19.79%
2	SKIPTAN PTY LTD <P&M MEURS FAMILY A/C>	7,133,253	12.42%
3	BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	7,047,177	12.27%
4	FREEDOM TRADER PTY LTD	4,466,381	7.78%
5	MR PETER FLETCHER MEURS	4,446,552	7.74%
6	BILGOLA NOMINEES PTY LIMITED	2,587,568	4.51%
7	MR RICHARD STANLEY DE RAVIN	1,441,668	2.51%
8	RJS INVESTMENT GROUP PTY LTD	1,000,000	1.74%
8	MOORE FAMILY NOMINEES PTY LTD <MOORE FAMILY SUPER FUND A/C>	1,000,000	1.74%
9	MRS JULIE MAREE SCOTT	782,500	1.36%
9	MR PHILIP ROBERT SCOTT	782,500	1.36%
10	NORTH OF THE RIVER INVESTMENTS PTY LTD	738,907	1.29%
11	MR ALEXANDER MICHAEL LEWIT	531,209	0.92%
12	DH NEWTON NOMINEES PTY LTD <DH NEWTON S/F NO 2 A/C>	525,001	0.91%
13	DJEE SUPER PTY LTD <DJEE SF A/C>	500,000	0.87%
13	RIYA INVESTMENTS PTY LTD	500,000	0.87%
14	MRS GWEN MURRAY PFLEGER <PFLEGER FAMILY A/C>	491,397	0.86%
15	LILLUCY PTY LTD <LILYPILY SUPER FUND A/C>	483,952	0.84%
16	TAMER YIGIT PROPERTY GROUP PTY LTD	425,000	0.74%
17	MR TAYLOR NICHOLAS GREEN	400,000	0.70%
18	MR ANTHONY MARK VAN DER STEEG	358,115	0.62%
19	RIYA INVESTMENTS PTY LTD	324,967	0.57%
20	MR ALEXANDER HENRI JOSEF REITHMEIER	250,000	0.44%
	Total	**47,579,783**	**82.85%**
	Total issued capital - selected security class(es)	**57,431,508**	**100.00%**

END