



# Annual Report

for the year ended  
30 June 2020



Dimerix Limited  
and controlled entity  
ABN 18 001 285 230

## Corporate directory

### Board of Directors

- Dr James Howard Williams  
Chairman
- Dr Sonia Maria Poli  
Non-Executive Director
- Mr Hugh Alsop  
Non-Executive Director
- Dr Nina Webster  
CEO and Managing Director

### Company Secretary

Mr Hamish George



### Auditors

Stantons International  
Level 2, 1 Walker Avenue  
West Perth, Western Australia  
6005

### Registered and Principal Office

425 Smith St  
Fitzroy, Victoria 3065  
Tel: 1300 813 321

### Postal Address

425 Smith St  
Fitzroy, Victoria 3065  
Tel: 1300 813 321

### Website



Website: [www.dimerix.com](http://www.dimerix.com)

### Share Registry

Automatic Registry Services  
Suite 1a, Level 1  
7 Ventnor Avenue  
West Perth  
Western Australia 6005  
Tel: +61 8 9324 2099  
Fax: +61 8 9321 2337



### Stock Exchange

Australian Securities Exchange  
Level 4, North Tower Rialto  
525 Collins Street  
Melbourne VIC 3000



### ASX Code

DXB



“Keeping our employees,  
consultants, partners and  
patients safe has been our  
top priority”.

*Dr Nina Webster  
CEO and Managing Director*

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# Dimerix annual report for the year ended 30 June 2020

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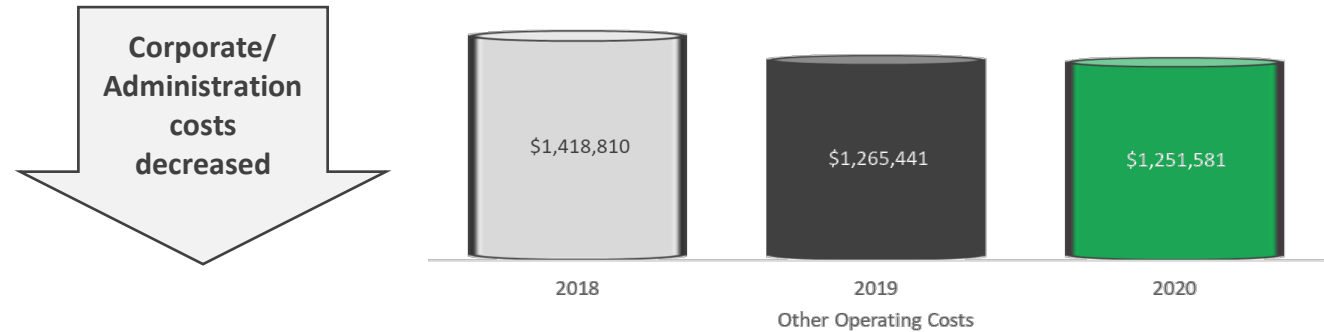
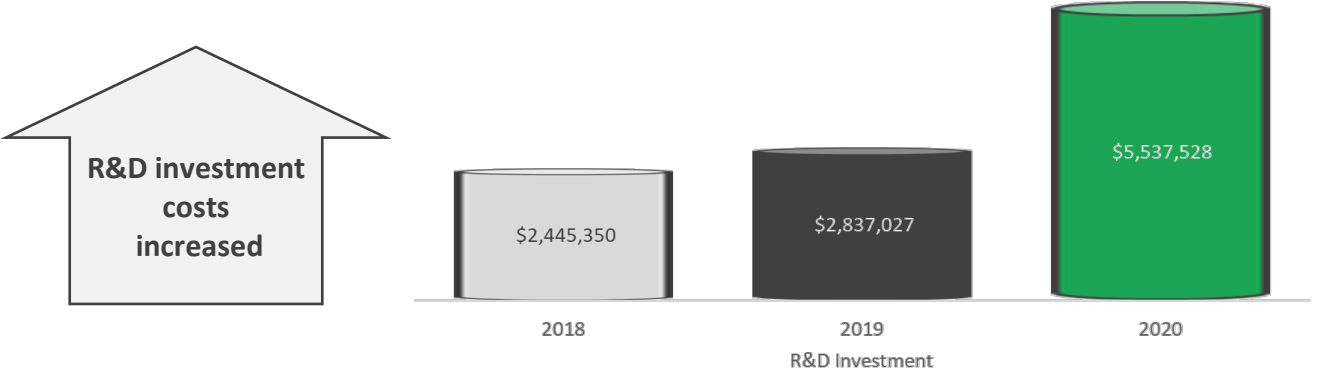
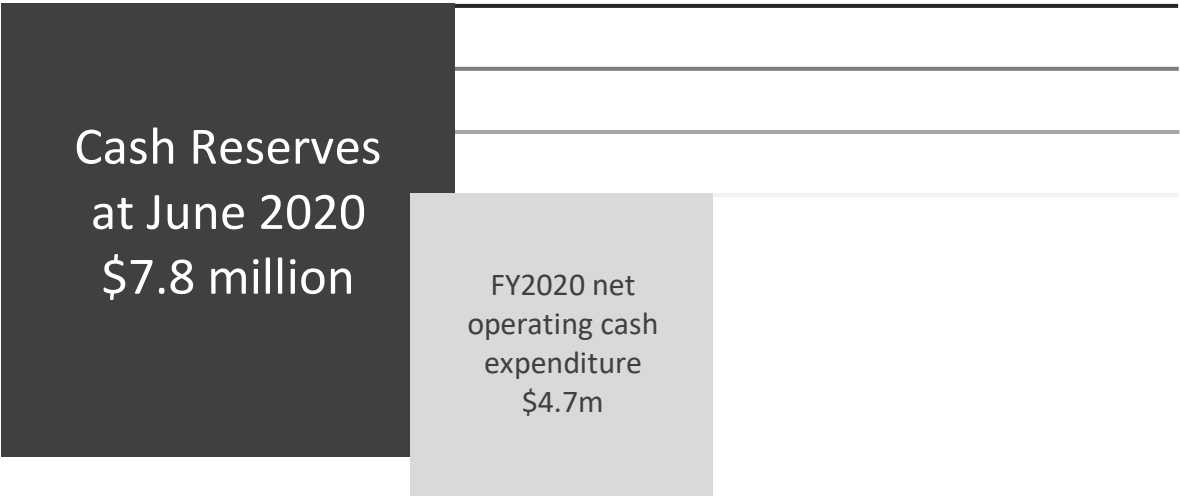
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Dimerix is a biopharmaceutical company developing innovative new therapies in areas with unmet medical needs

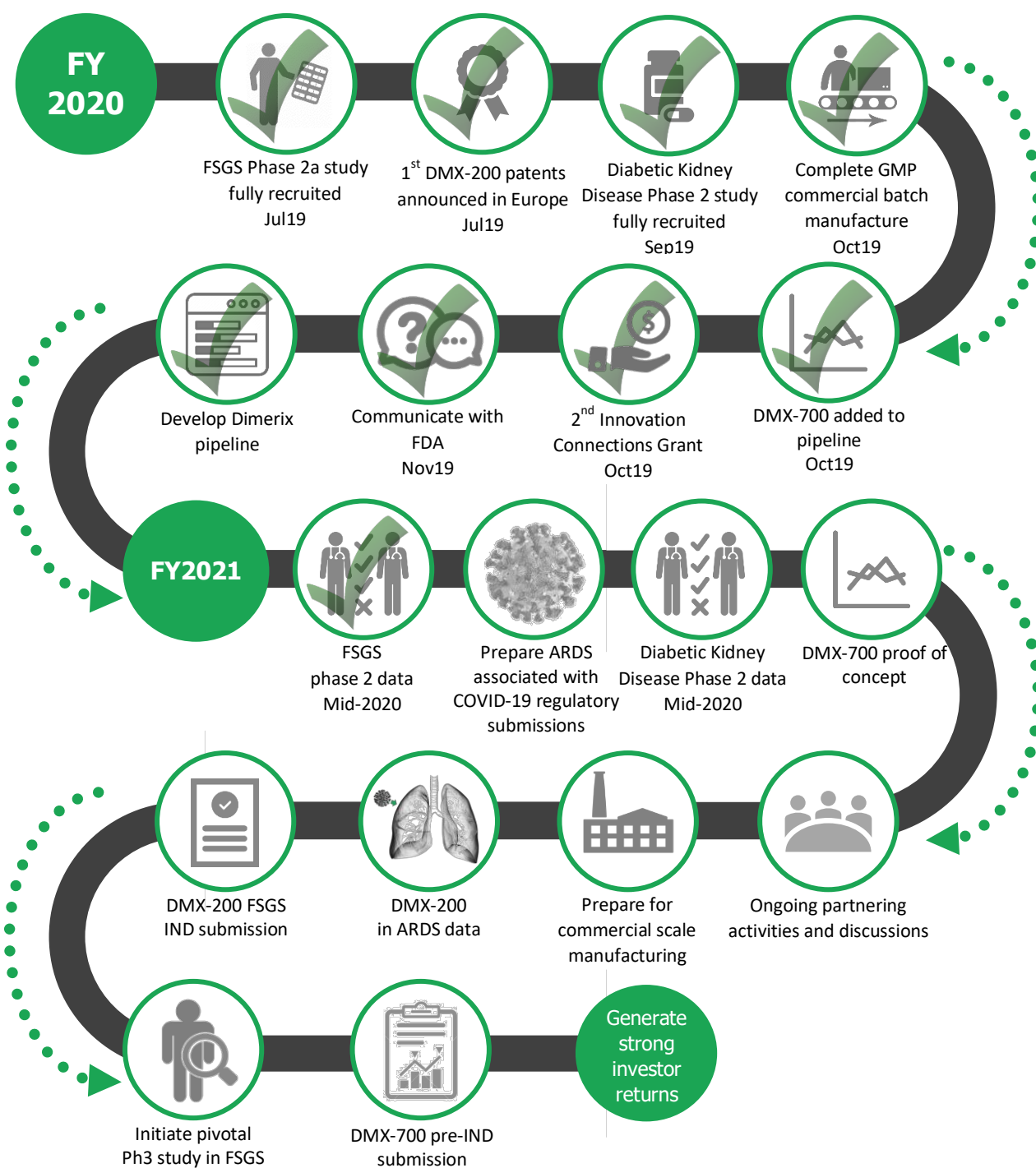
Dimerix has multiple assets:

- commercially attractive
- growing markets
- high unmet needs
- potential fast pathway to market
- little or no current marketed competition

# Financial Outcomes



## 2020 Business Achievements and 2021 Planned Milestones



## Chairman's letter

Dear Shareholders,

As I look back on the past financial year – a time of profound health and economic challenges globally – it is remarkable how much Dimerix accomplished, not only in terms of financial performance, but in our progress in delivering innovative pharmaceutical products to help those in need all around the world. We are very proud of what we have accomplished and look forward to continuing to deliver on the commitments that we make to you, our shareholders.

The 2020 financial year was challenging and one for which we evolved rapidly to meet head on. Managing the impact of COVID-19 is one of the fundamental challenges that all companies have faced this year. In light of COVID-19 and the evolving advice to the general public, Dimerix implemented a number of contingency plans in the event trial participants were required to self-isolate, became ill or visits to medical institutions were restricted. Thanks to the foresight of the operational team running the DMX-200 studies who started implementation of these risk-mitigation strategies in February 2020, we were delighted to meet all of our key milestones on schedule.

During the year, we concluded two Phase 2 clinical studies: the first in focal segmental glomerulosclerosis (a rare kidney disease) which subsequently reported positive top line data in July 2020; and the second in diabetic kidney disease, for which results are due in the few weeks of September.

Last year, your Board endorsed a revised business strategy which resulted in the company having a more diverse asset portfolio moving forward, and which generated new intellectual property. In this regard, we were very pleased to announce the addition of two further programs to our pipeline during the year, one in Chronic Obstructive Pulmonary Disease; and one in Acute Respiratory Distress Syndrome associated with COVID-19, which will not only diversify the risk but also diversify the potential sources of future revenue streams.

With a small team, coupled to a small and very engaged board, our substantial achievements in the past year are a reflection of the talent and dedication of the whole team.

I am very pleased to report that Dimerix is well positioned to deliver on the strategic activities through the 2021 financial year, and which are supported by a healthy cash position.

I would like to thank our shareholders, longstanding and new. Your ongoing support is appreciated as we continue our journey towards the strategic goal. I would also like to extend my personal thanks to the Board for their input over the last year. And finally, I would like to extend the Board and shareholders' appreciation to Nina and her team for their great work in not just repositioning Dimerix for growth, but delivering on that strategy. I look forward to reporting on the further growth of our strategic activities next year!

Yours sincerely,



**Dr James Williams**  
**Non-Executive Chairman**



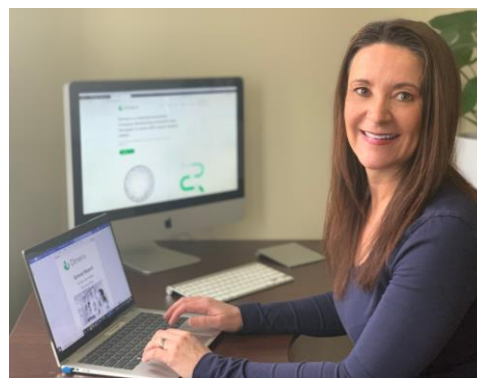
*"The quality of our people along with the support of the medical community have made Dimerix what it is today. It is clear that our Dimerix colleagues possess the willingness to go beyond the scope of their daily task and the competitive drive to deliver above expectations. Together, we will ultimately strive to improve patients' lives globally."*

*Dr James Williams*  
*Chairman of the Board*



## CEO & Managing Director's report

At the start of the financial year, we announced that we had been focusing on creating a company that is competitive, resilient and innovative, to allow us to successfully navigate in a complex and constantly changing environment. We have certainly been severely tested across all of these areas as a result of the global pandemic during the second half of the financial year, and we were extremely pleased to see our systems and processes successfully adapt to this evolving and challenging environment. Despite the global crisis, we have continued to make solid progress against all of our near-term strategic priorities that we believe will enable us to achieve our corporate objective. Furthermore, whilst increasing R&D spend significantly versus previous year, overheads were reduced, and the company finished the year under budget. Cost management remains a key priority for the business, with the cost base being carefully managed to ensure delivery of a sustainable business beyond the current milestones.



*"We are extremely pleased to be in a position to support the global initiative in investigating the potential of multiple therapies to treat COVID-19 patients dying of ARDS. Dimerix is uniquely positioned to support the global effort in identifying COVID-19 treatments, as well as having two late stage renal product candidates."*

*Dr Nina Webster  
CEO & Managing Director*

### Maintaining strategic focus

We continued to devote a large part of our development resources and expenditure to the two Phase 2 program: DMX-200 for Diabetic Kidney Disease and DMX-200 for FSGS. We were very pleased to report that all of the primary and secondary endpoints were met in the FSGS study Phase 2a study, and the encouraging data that supports the ongoing development of DMX-200 for FSGS in parallel to our program for patients with diabetic kidney disease. We do not have long until reporting on the larger diabetic kidney disease Phase 2 study, which is expected in the first few weeks of September 2020, and which we hope will further support the growing evidence of DMX-200 treatment effect in kidney diseases.

In addition to the widely acknowledged clinical studies in both indications, we made significant progress in the broader development plans, including patent strategy, commercial manufacturing supply, interaction with regulatory agencies in US and Europe, quality oversight, analytical development and establishment of shelf-life for our lead product. In November 2019 (back when flights overseas were a thing) we met with the FDA to discuss the remaining development plan for DMX-200. This was a key meeting for Dimerix, as it provided more clarity on the remaining development of DMX-200 for FSGS through to market approval. Importantly, it also confirmed that the proposed non-clinical, or safety, package and specifications for the drug manufactured by Dimerix is appropriate for market registration of DMX-200.

### Preparing for the future

We continued to expand and diversify our pipeline through both internal and external efforts. We added two potential new medicines to our portfolio, DMX-700 for chronic obstructive pulmonary disease (COPD) which is in pre-clinical development; and DMX-200 in Acute Respiratory Distress Syndrome, or ARDS, associated with COVID-19 which is in late stage clinical development. As and when we have sufficient resources, we also have a number of other commercially attractive opportunities identified, which will boost the company's pipeline in the longer term. Suffice to say, the 2020 financial year has been extremely busy delivering on DMX-200 in two different indications, as well as diversifying risk through broadening our product portfolio and thereby providing an exceptional and exciting platform for growth in the coming years.

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## Changes to the Board

Dimerix is a small and very dedicated team, who have been working extremely hard throughout the global pandemic to deliver on promise on the two Phase 2 clinical studies in renal disease, as well as the ARDS opportunity in patients with COVID-19 and the COPD program. I would like to acknowledge the contribution of the Board to the successes of Dimerix during this financial year, and their on-going support of the team. In October 2019, David Franklyn stepped down from the Board of Directors, having taken on a new role that introduced a potential conflict of interest to his non-executive director responsibilities, and was not replaced based on the skills and competency matrix assessment of the remaining Board.

## Near-term strategic priorities

Additional analyses of the FSGS data is underway, and diabetic kidney disease data is expected in the coming weeks. In parallel, Dimerix continues to undertake planning for its proposed global Phase 3 pivotal program in FSGS. With regards to the ARDS associated with COVID-19 opportunity, we anticipate that the new renin-angiotensin system domain protocol for the global study, which includes DMX-200, will be available on the REMAP-CAP website in the very near future. This timing is very much driven by REMAP-CAP. Finally, the COPD program proof-of-concept pre-clinical data is also anticipated in the next couple of months.

This is undoubtedly a big year for Dimerix; and I know some of you have been long term supporters of the Company. I thank you for your patience and your support. Dimerix has evolved significantly over the past couple of years, and now has multiple assets in commercially attractive and growing markets that all have a high unmet need, with little or no current marketed competition, and with a potential fast pathway to market. I believe that makes Dimerix a very compelling proposition moving forward.



“Not only are we rapidly evolving our business and taking bold steps in new directions, but we are learning to think and act differently in the new working environment so that we can continue to meet our challenges head-on.”

*Dr Nina Webster  
CEO & Managing Director*

Thank you to the patients and their families who inspire us, to our employees for their dedication, to our partners and collaborators who facilitate us, and to our shareholders for their support. I am so proud of the progress we continue to make and am confident that together we can achieve all we set out to do. I look forward to reporting on our progress throughout the 2021 financial year.

**Dr Nina Webster**  
**CEO & Managing Director**



## Directors' report

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 2020. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

### Information about the directors

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



**Dr James Williams**  
BSc (Hons), MBA, PhD

Non-executive Chairman, joined the Board in July 2015. James is a Founder and Investment Director of Yuuwa Capital LP, a venture capital firm based in Western Australia and was the CEO of Dimerix between 2007 and 2009. James is a Director of Yuuwa investee companies PolyActiva Pty Ltd and alternate director of Adalta Limited (ASX:1AD). James is also a member of the "Panel of Experts" for the University of Western Australia's Pathfinder Fund and a member of the Federal Government's Entrepreneur Program Committee.



**Dr Nina Webster**  
PhD, M IP Law, MBA

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).



**Dr Sonia Poli**  
PhD

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



**Mr Hugh Alsop**  
BSc(Hons), MBA

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 was formerly Chief Executive Officer 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 market.

The above-named directors held office during the whole of the financial year and since the end of the financial year.

David Franklyn resigned as a Non-Executive Director effective 11 October 2019.

## Directors' shareholdings

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

Directors	Fully paid ordinary shares Number	Share options Number	Performance shares Number
James Williams	2,252,355	175,000	-
Sonia Poli	130,000	125,000	-
Hugh Alsop	-	125,000	-
Nina Webster	45,000	6,351,975	-

## Share options granted to directors and senior management

No options were granted to directors and senior management during and since the end of the financial year.

## 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, 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

No dividends have been paid or declared since the start of the financial year and the directors have not recommended the payment of a dividend in respect of the 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	Performance Shares	Class of shares	Exercise price of option	Expiry date of options
Dimerix Limited	425,000	-	Ordinary	\$0.40	20 April 2021
Dimerix Limited	90,515	-	Ordinary	\$0.286	13 November 2020
Dimerix Limited	500,000	-	Ordinary	\$0.25	24 September 2020
Dimerix Limited	1,500,000	-	Ordinary	\$0.50	24 September 2020
Dimerix Limited	2,117,325	-	Ordinary	\$0.18	30 October 2023
Dimerix Limited	2,117,325	-	Ordinary	\$0.27	30 October 2023
Dimerix Limited	2,117,325	-	Ordinary	\$0.36	30 October 2023
Dimerix Limited	625,000	-	Ordinary	\$0.18	31 January 2024
Dimerix Limited	625,000	-	Ordinary	\$0.27	31 January 2024
Dimerix Limited	1,750,000	-	Ordinary	\$0.18	09 August 2022

The holders of these options and performance shares do not have the right to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme.

500,000 options lapsed during the year or since the end of the financial year.

125,000 options were cancelled during the year or since the end of the financial year.

### Indemnification 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 such 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.

### Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 15 board meetings were held.

Directors	Board of Directors	
	Held	Attended
Dr James Williams	15	15
Dr Sonia Poli	15	15
Mr Hugh Alsop	15	14
Dr Nina Webster	15	15

**Proceedings on behalf of the Group**

No person has applied for leave of Court to bring proceedings on behalf of the Group or 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 any part of those proceedings.

**Non-audit services**

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 26 to the financial statements.

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.

**Auditor's independence declaration**

The auditor's independence declaration is included on page 29 of the financial report.

# Operating and financial review

## Principal activities

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

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

## Operating results

The loss of the Group for the year ended 30 June 2020, after accounting for income tax expense, amounted to \$4,494,153 (2019: \$2,886,221). The year ended 30 June 2020 operating results are attributed to the following:

- Research and development costs of \$5,537,528 (2019: \$2,837,027)
- Share based payments in respect of transaction options issued to employees and contractors of \$129,280 (2019: \$231,143); and
- Corporate and administration expenses of \$1,251,581 (2019: \$1,265,441).

## Review of operations

### Summary

Dimerix concluded two Phase 2 clinical trials during the period. DMX-200 for FSGS Phase 2a top line results were announced on 29th July 2020 and DMX-200 for Diabetic Kidney Disease is expected to report top line results in the first few weeks of September 2020. In November 2019, Dimerix met with the FDA to discuss the remaining FSGS development plan through to market, which provided more clarity on the remaining development of DMX-200 for FSGS through to market approval. Importantly, it also confirmed that the proposed non-clinical safety package and specifications for the drug manufactured by Dimerix were appropriate for market registration of DMX 200.

During the reporting period, Dimerix added a further 2 candidates to the development pipeline, DMX-200 for Acute Respiratory Distress Syndrome (ARDS) associated with COVID-19, and DMX-700 in Chronic Obstructive Pulmonary Disease. These additions are based on compelling scientific rationale and both are 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:

- DMX-200 Phase 2 Clinical Trial in FSGS Fully Recruited
- First DMX-200 Patents to Grant in Europe And Canada
- Bioshares Biotech Summit 2019 Presentation
- Additional US Patent Covering DMX-200
- DMX-200 Phase 2 Clinical Study in DKD Completes Recruitment

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- Receipt of R&D Tax Incentive Rebate for FY19 Totaling \$1.2 million
- New Drug Pipeline Candidate DMX-700
- Dimerix Awarded Second Innovation Connections Grant
- Ausbiotech Conference Presentation
- Bio-Europe Conference Presentation
- Dimerix Holds Pre-IND Meeting on DMX-200 with FDA
- AGM Presentation
- CEO's Address to Shareholders
- Dimerix Completes \$2.5m Placement
- DMX-200 Clinical Trial Update
- Biotech Partnering Showcase Conference Presentation
- DMX-200 Treatment Continued under TGA Special Access Scheme
- Dimerix Appoints New DMX-200 Medical Advisory Board
- Dimerix Clinical Studies Update
- R&D Tax Incentive Facility of \$1.02 million
- NWR Virtual Health Conference Presentation
- Global REMAP-CAP Platform Trial Protocol to Include DMX-200 for ARDS associated with COVID-19
- Last Patient Completes Dosing in FSGS Phase 2 Clinical Study
- Dimerix Completes \$5.8m Placement

*Key announcements immediately post period end:*

- DMX-700 Program for COPD Advances
- Last Patient Completes Dosing in DKD Phase 2 Clinical Study
- Positive Top-Line Results in FSGS Phase 2a Clinical Study

### **Overview of Company strategy**

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

Dimerix strives to develop products to help patients with un-met 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 has used our Receptor HIT technology to identify new treatments (DMX-200 and DMX-700) that may transform the lives of patients with kidney and respiratory diseases. Kidney disease and respiratory disease are major global health problems, and are both underserved therapeutic areas. DMX-200 is currently in development for renal indications Diabetic Kidney Disease and Focal Segmental Glomerulosclerosis (FSGS), and Acute Respiratory Distress Syndrome (ARDS) in patients with COVID-19. DMX-700 is currently in development for chronic Obstructive Pulmonary Disease (COPD).



Dimerix has secured orphan drug designation for DMX-200 in FSGS in the US and Europe. Current treatment options for FSGS are limited and have significant side effects, meaning there is a desperate need for safe treatments. Through the orphan drug program, DMX-200 will have access to a number of regulatory and financial incentives, potentially meaning shorter trials and lower costs compared to other non-orphan therapies.

Dimerix is adopting a diversified investment approach, targeting a range of specialty innovative new chemical entities (NCE's) along with re-purposed candidates providing a balanced approach and a 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.

### **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 CCR2. It is administered as a capsule twice daily to patients already on standard of care treatment (irbesartan). DMX-200 has never been approved by regulators in the USA, Europe or Australian. As such, DMX-200 is considered a New Chemical Entity (NCE) in these jurisdictions. The related compound known as propagermanium, at a different dose and formulation, has been approved by the Japanese regulatory agency for use in a different condition, providing DMX-200 with a known safety profile which can therefore reduce development times and costs.

Following the DMX-200 Phase 2a trial that was completed in 2017, Dimerix entered into two Phase 2 clinical trials: the first in Diabetic Kidney Disease; and the second in Focal Segmental Glomerulosclerosis.

The two different and distinct studies investigated the AT1R and CCR2 Targets for Inflammatory Nephrosis and were titled ACTION. IQVIA was appointed the contract research organisation (CRO), a key vendor to facilitate the ACTION studies.

ACTION for FSGS – Phase 2a trial investigated the effects of DMX-200 in patients with FSGS, and met all of the primary and secondary endpoints including safety and efficacy (proteinuria reduction); and

ACTION for DKD – Phase 2 trial investigated the effects of DMX-200 in patients with DKD with primary endpoint being the change in 24hr albumin creatinine ratio (ACR) based on identified patient responses in the Phase 2a study. Results are due in the first few weeks of September 2020.

### Focal Segmental Glomerulosclerosis

Focal Segmental Glomerulosclerosis is a serious and rare disease that attacks the kidney's filtering units (glomeruli) causing irreversible scarring of the tissues, which leads to permanent kidney damage and even failure requiring dialysis or transplantation. FSGS is diagnosed by renal biopsy, where a physician examines a tiny portion of the kidney tissue. Patients with FSGS typically present with swelling in parts of the body, most noticeable around the eyes, hands and feet, and abdomen which causes sudden weight gain, high blood pressure, high cholesterol, renal failure, and proteinuria, where large amounts of protein leak into the urine. The severity of protein in the urine is predictive of the clinical outcome of any patients suffering from this disease. Currently, there are no approved treatment for FSGS, and off-label therapies for primary FSGS are limited to corticosteroids and immunosuppressants that usually carry unwanted short and long term side effects.

FSGS affects approximately 210,000 patients world-wide, and unfortunately, for those diagnosed with FSGS the prognosis is not good. The average time from diagnosis to complete kidney failure is 5 years, and it affects both adults and children as young as 2 years old. For those who are fortunate enough to receive a kidney transplant, up to 40% will get reoccurring FSGS in the transplanted kidney. The cause is unknown, but it does mean that these patients will ultimately end up on dialysis. At this time, there are no treatments approved for the treatment of FSGS anywhere in the world, so the treatment options and prognosis are poor. Hence, there remains a large gap in treatment for this progressive kidney disease.

Dimerix has received Orphan Drug Designation for DMX-200 in both the US and Europe for the treatment of FSGS. Dimerix established with the respective regulatory agencies that “the intention to treat FSGS with DMX-200 was justified based on preliminary non-clinical data which showed a reduction in the number of podocytes lost and an improvement in proteinuria.” Furthermore, as stated by the respective regulatory agencies, the orphan designation indicates that “Dimerix has provided sufficient justification that if approved, [DMX-200] is likely to be of significant benefit to those affected by the condition” and that “[DMX-200] would provide a clinically relevant advantage as an alternative to any currently marketed products”. Orphan designation also provides regulatory and financial benefits to help bring DMX-200 to market in the US and Europe faster, including reduced fees during the product development phase, protocol assistance from the regulatory authorities, and 7-year (US) and 10-year (Europe) market exclusivity following product approval.

### *DMX-200 in FSGS Phase 2a Study*

The Phase 2a FSGS study was a double-blind, randomised, placebo-controlled, crossover study designed to evaluate the safety and preliminary signs of efficacy of a 240 mg daily dose of DMX-200 in patients with FSGS who are receiving a stable dose of the blood pressure medication irbesartan. Participants received 16 weeks DMX-200 and 16 weeks placebo, separated by a 6 week washout period. This means that every patient received treatment with DMX-200 and treatment of placebo, making it a powerful study design, although neither the patients nor the physicians knew which treatment they received first. Every patient also received a 300 mg daily dose of the angiotensin receptor blocker irbesartan for at least 12 weeks prior

to screening and throughout the study, so that any reduction in proteinuria seen in the study can be attributed to DMX-200 and not the effect of changing their blood pressure medication.

*ACTION for FSGS Study Design*

	Study period 1 16 weeks	Washout 6 weeks	Study Period 2 16 weeks	Results
Group 1 (n=5)	DMX-200		Placebo	
Group 2 (n=5)	Placebo		DMX-200	
Irbesartan 300mg				

The last patient received their last dose of DMX-200 in the FSGS Phase 2a study in the period, and results were reported in July 2020. Ten patients were enrolled in the study, of which seven qualified for the final analysis. There were no patient withdrawals from the study despite a difficult COVID-19 period.

#### *Primary Endpoint:*

The primary endpoint for the study was safety, as measured by the number and severity of adverse events with the use of DMX-200 compared to placebo. The preliminary findings show DMX-200 was generally safe and well-tolerated, with no major variation in the incidence or severity of adverse events between treatment with DMX-200 or placebo. This is consistent with existing safety data on DMX-200.

#### *Secondary Endpoint:*

Despite being a small cohort, it was extremely pleasing to see that 6 of the 7 patients (86%) demonstrated a reduction in proteinuria on treatment versus placebo. Two patients (29%) demonstrated a >40% reduction in proteinuria compared to placebo. This consistent data is positive and does suggest that DXM-200 may be beneficial to patients suffering from FSGS. Looking at the top line grouped analysis, a mean reduction in proteinuria of 29% from baseline compared to placebo was observed, which again is very compelling.

While this initial Phase 2a study in patients with FSGS was not powered for statistical significance, it was designed to derive maximum insight from a small number of patients. As such, the study achieved encouraging data to support the ongoing development of DMX-200 for FSGS in parallel to the Dimerix program for patients with diabetic kidney disease.

#### Diabetic Kidney Disease

There were 23 million diagnosed diabetics in the US in 2017, and the incidence of diabetes is estimated to grow by 54% by the year 2040. It is estimated that approximately 40% of all diabetics suffer from kidney disease leading to kidney failure and dialysis. There is no cure for diabetic kidney disease, and current treatment options are ineffective as the kidneys deteriorate towards failure. The current treatment options include medications to reduce high blood pressure or glucose content in the blood, dialysis or kidney transplant. The progressive nature of kidney disease inevitably results in poor outlook for patients, as it most often results in total kidney failure and a poor quality of life. Dialysis costs are in the region of \$100,000 per patient per year and consume about 12 hours per week in regular clinic visits. Alternatively,

a kidney transplant costs in the region of \$260,000 per patient, with ongoing and expensive anti-rejection drugs also costing thousands of dollars per year. These options are 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.

#### *DMX-200 in Diabetic Kidney Disease Phase 2 Study*

Participants received 12 weeks DMX-200 and 12 weeks placebo, separated by a 6-week washout period, during the double-blind, randomised, placebo-controlled, crossover study evaluating the safety and efficacy of DMX-200 in patients with diabetic kidney disease who are receiving a stable dose of irbesartan.

*Diabetic Kidney Disease Study Design*

	Study period 1 12 weeks	Washout 6 weeks	Study Period 2 12 weeks	Results
Group 1 (n=20)	DMX-200		Placebo	
Group 2 (n=20)	Placebo		DMX-200	
Irbesartan 300mg				

The last diabetic kidney disease patient completed treatment in July 2020 and top line results are expected in the first few weeks of September, which Dimerix hopes will further support the growing evidence of DMX 200 treatment effect in kidney diseases.

Dimerix continues to support multiple patients from previous DMX-200 studies and both the Phase 2 FSGS and the diabetic kidney disease studies who continue on treatment with DMX-200 through the Australian Therapeutic Goods Administration Special Access Scheme following respective study completion.

#### Acute Respiratory Distress Syndrome associated with COVID-19

The SARS-CoV2 coronavirus was declared as a global pandemic on 11th March 2020 and is the cause of COVID-19 ('CO' stands for corona, 'VI' for virus, 'D' for disease and -19 for 2019). The COVID-19 virus is a new virus in the same family of viruses as Severe Acute Respiratory Syndrome (SARS) and some types of common cold.

It is generally accepted that much of the disease burden of the virus is caused by the immune response to COVID-19, often leading to Acute Respiratory Distress Syndrome (ARDS) which is a rapid, widespread inflammation of the lungs that often leads to respiratory failure and death. In recent reports from laboratories studying the virus and physicians treating COVID-19 patients, there is growing evidence that there are high concentrations of the Monocyte Chemoattractant Protein 1 (MCP-1) in the lungs of patients with ARDS, and the resulting movement of monocyte immune cells into the lung may be one of the factors accelerating the cytokine storm that causes so much damage to the lung.

Based on the known effects in the lung of COVID-19, there is a strong scientific rationale that DMX-200, either alone or with an angiotensin receptor blocker, may have a unique potential to reduce the

recruitment of inflammatory cells to the lungs, thereby reducing COVID-19-related lung damage, and this is supported by the growing number of publications on the chemokine-driven immune response to the SARS-CoV2 virus. As a result, Dimerix's DMX-200 drug candidate was selected for inclusion in the protocol of the REMAP-CAP aimed at treating patients with ARDS as a result of COVID-19.

REMAP-CAP is short for Randomised, Embedded, Multifactorial Adaptive Platform Trial for Community-Acquired Pneumonia. It brings together a network of leading experts, institutions and research networks with over 200 sites participating worldwide and is aimed at treating patients with ARDS as a result of COVID-19. The REMAP-CAP program is endorsed by the World Health Organisation (WHO) and designated as a Pandemic Special Study.

Under its Pandemic Special study designation the REMAP-CAP study has been tasked with helping answer crucial questions during the COVID-19 pandemic. This designation ensures that knowledge translation of clinical trial results can occur directly with policymakers and public health officials for rapid implementation around the globe as required. It ensures that results generated from the study can be translated in an efficient and transparent manner to benefit affected patients, providing a collaborative and fast pathway to global clinical practice.

REMAP-CAP (and the companion platform REMAP-COVID) is an international adaptive platform trial run by a network of leading physicians, institutions, and research groups collaborating on a global level. The program is recruiting patients with ARDS as a result of COVID-19 and who are hospitalised. It uses an innovative trial design to efficiently evaluate multiple interventions simultaneously.

Dimerix continues to work with REMAP-CAP global team, and is simultaneously preparing DMX-200 at an FDA approved global contract manufacturer. Historically, pandemics have lasted approximately 12-36 months, and some resurgences in the current pandemic are being seen right now. While COVID-19 is likely to be around for a while yet, if DMX-200 does show some benefit in ARDS associated with COVID-19, it may also show benefit in ARDS associated with other infections too, such as pneumonia caused by other viruses such as influenza. Thus, this provides an opportunity that could extend well beyond the impact of COVID-19.

### **The DMX-700 Program**

Chronic Obstructive Pulmonary Disease (COPD)

COPD is a progressive and life-threatening lung disease. The primary cause of COPD is exposure to tobacco smoke (either active smoking or secondary smoke), however it is also caused by exposure to indoor and outdoor air pollution, occupational dusts and fumes and long-term asthma. COPD is the fourth-leading cause of death in the world and although treatments exist to improve the symptoms of COPD, there is currently no way to slow progression of the condition or cure it. Moreover, among the top five causes of death globally, this disease is the only one with increasing mortality rates. In 2016, the Global Burden of Disease Study reported a prevalence of 251 million cases of COPD globally, and it was estimated that 3.17 million deaths were caused by the disease in 2015 (5% of all deaths globally in that year). The global COPD treatment market was valued at US\$14 billion in 2017 and is projected to increase at a compound annual growth rate of 4.9% to 2026.

There is a significant unmet need in COPD, which is recognised by key organisations such as the National Institute of Health (NIH) and globally by the World Health Organisation (WHO) and the Centers for Disease Control and Prevention (CDC). In 2017, the NIH released the COPD National Action Plan in an effort to support research, diagnosis and treatment of the disease. Following this recognition, in 2018 the FDA issued revised guidance to help sponsors developing drugs to treat COPD. The new guidance will enable shorter clinical trials using surrogate and patient-reported endpoints.

Dimerix has identified a heteromer association between two receptors that have been independently implicated in the pathophysiology of COPD, however investigations into each single receptor have provided disappointing results to date. Dimerix anticipates that this is due to the heteromer nature of the receptor and has discovered that simultaneous inhibition of both receptors may significantly improve efficacy. The receptor targets and DMX-700 will remain undisclosed pending additional data and patent positioning.

Initial studies have been conducted, and Dimerix has completed a key step in securing ownership over what it believes is an important new drug discovery by lodging a provisional patent applications. Dimerix has progressed further proof of concept studies to perform the value-added verification in support of a robust product development pathway and patent position. DMX-700 is a New Chemical Entity, however the safety profile is well understood. As such, it is anticipated that Dimerix would initiate human clinical studies in less than 2 years.

### **Intellectual Property**

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

Dimerix has secured ownership over what it believes is an important new drug discovery, including by lodging four different provisional patent applications for the use of any CCR2 inhibitor in ARDS. The new provisional patent applications, titled "Treatment for Virus Induced Acute Respiratory Distress Syndrome" or "Treatment for Acute Respiratory Distress Syndrome" were filed in the US in May 2020, and if granted, would expire post 2040.

Dimerix has also lodged a provisional patent application for DMX-700. The new provisional patent application has a priority date of 26 September 2019 and, once granted, would expire post 2040. It is anticipated that DMX-700 will be protected by Composition of Matter patents, Formulation patents and Method of Use patents, providing a strong competitive position.

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



## Commercial Manufacturer

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

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

## Liquidity and capital resources

Dimerix ended the financial year with cash of \$7,785,706, and expects to receive a Research and Development tax incentive refund of \$2,338,254 following 30 June 2020, further boosting capital resources.

## Financial position

	30 June 2020	30 June 2019
Cash and cash equivalents	7,785,706	3,563,286
Net assets / total equity	7,759,264	4,202,877
Contributed equity	28,344,114	20,474,930
Accumulated losses	(21,435,833)	(16,941,680)

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 2020.

## Events after the reporting period

- DMX-700 Program for COPD Advances  
On 6th July 2020, Dimerix announced an update to the DMX-700 program for Chronic Obstructive Pulmonary Disease (COPD). The DMX-700 program has made further advances in understanding the mechanism by which the, as yet undisclosed, receptors may be contributing to the lung damage associated with COPD. Specifically, the new data indicates that due to the functional interaction of the receptors identified using Dimerix' proprietary Receptor-HIT discovery tool, there is an increased presence and activation of the receptor complex at the cell surface which is expected to result in an increased pro-inflammatory effect.

- **Last Patient Completes Dosing in DKD Phase 2 Clinical Study**  
On 24th July 2020, Dimerix announced that the last patient in Phase 2 clinical study of DMX-200 in diabetic kidney disease patients had received their last dose. The study is expected to report results within the first few weeks of September.
- **Positive Top-Line Results in FSGS Phase 2a Clinical Study**  
On 29th July 2020, Dimerix announced positive top-line results from the Phase 2a ACTION study of DMX-200 for the treatment of focal segmental glomerulosclerosis (FSGS), a rare kidney disorder without an approved pharmacologic treatment that often leads to end-stage kidney failure. All primary and secondary endpoints were met in the study and DMX-200 was found to be generally safe and well-tolerated in FSGS patients. 86% of patients demonstrated a reduction of proteinuria with DMX-200 versus placebo, with an average of 29% reduction in proteinuria being observed across all patients receiving DMX-200 compared to placebo. Furthermore, 29% of patients achieved a >40% reduction in proteinuria on DMX-200 compared to placebo.

### **Future developments, prospects and business strategies**

Dimerix continues with its two renal programs, with the diabetic kidney disease study results expected in the first few weeks of September, and additional analyses of the FSGS data becoming available in due course, following evaluation by statisticians. In parallel, and following the positive meeting held with the FDA in November 2019, Dimerix continues to undertake planning for its proposed global Phase 3 pivotal program in FSGS as well as continue those partnering discussions initiated in 2019.

Dimerix continues to engage with REMAP-CAP on the global ARDS associated with COVID-19 study, as well as progress DMX-700 proof of concept activities.

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. A commercial scale DMX-200 GMP batch manufacture was completed in October 2019, and further scale up activities are planned.

### **Environmental issues**

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

## Remuneration report (audited)

This remuneration, which forms part of the directors' report, sets out information about the remuneration of Dimerix Limited's key management personnel for the financial year ended 30 June 2020. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The prescribed details for each person covered by this report are detailed below under the following headings:

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

### Key management personnel

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

Non-executive directors	Position
Dr James Williams	Non-executive Chairman
Dr Sonia Maria Poli	Non-executive Director
Mr Hugh Alsop	Non-executive Director
Mr David Franklyn (resigned 11 October 2019)	Non-executive Director
Executive Employees	Position
Dr Nina Webster	Chief Executive Officer/Managing Director

With the exception of David Franklyn, the named persons held their current position for the whole of the financial year 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 director and Chairman remuneration*

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

Shareholders approval must be obtained in relation to the overall limit set for the non-executive directors' fees. The maximum aggregate remuneration approved by shareholders for non-executive directors is

\$250,000 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:

- (a) remuneration reflects the competitive market in which the Group operates;
- (b) individual remuneration should be linked to performance criteria if appropriate; and
- (c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives consists of the following:

- (a) salary – executives receive a fixed sum payable monthly in cash plus superannuation at 9.5% of salary;
- (b) 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;
- (c) other benefits – executives may, if deemed appropriate by the board, be provided with a fully expensed mobile phone and other forms of remuneration; and
- (d) 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 DMX-200 clinical trials as outlined in the directors' report.

## Remuneration of key management personnel

2020	Short-term employee benefits			Post-employment benefits	Share-based payment	Total	Performance related %
	Salary & fees \$	Bonus <sup>2</sup> \$	Other <sup>1</sup> \$	Superannuation \$	Options \$		
Non-executive directors							
Sonia Poli	45,000	-	-	-	-	45,000	0%
David Franklyn <sup>3</sup>	11,644	-	-	1,106	-	12,750	0%
Hugh Alsop	41,096	-	-	3,904	-	45,000	0%
James Williams	73,059	-	-	6,941	-	80,000	0%
Executive Employees							
Nina Webster (CEO)	303,900	91,170	8,996	21,003	113,769	538,838	38%
Total	474,699	91,170	8,996	32,954	113,769	721,588	

<sup>1</sup> Other comprises annual leave expense for the year

<sup>2</sup> Performance bonus for the year based on agreed criteria

<sup>3</sup> David Franklyn resigned as a Non-Executive Director on 11 October 2019

	Short-term employee benefits			Post-employment benefits	Share-based payment		Performance related %
2019	Salary & fees <sup>4</sup> \$	Bonus <sup>2</sup> \$	Other <sup>1</sup> \$	Superannuation \$	Options \$	Total \$	
Non-executive directors							
Sonia Poli	45,000	-	-	-	-	45,000	0%
David Franklyn	41,096	-	-	3,904	-	45,000	0%
Hugh Alsop	41,096		-	3,904	-	45,000	0%
James Williams	93,265 <sup>6</sup>		-	8,860	-	102,125	0%
Executive Employees							
Nina Webster <sup>5</sup> (CEO)	221,192	63,000	7,592	17,023	137,912	446,719	45%
Kathy Harrison <sup>3</sup> (COO)	150,710	9,132	-	12,131	55,392	227,365	28%
Total	592,359	72,132	7,592	45,822	193,304	911,209	

<sup>1</sup> Other comprises annual leave expense for the year

<sup>2</sup> Performance bonus for the year based on agreed criteria

<sup>3</sup> Employment ceased 9 November 2018

<sup>4</sup> Salary & fees includes Employment Termination Payment made to Kathy Harrison

<sup>5</sup> Appointed 27 August 2018

<sup>6</sup> James Williams entered into a three-month contract with the Company on 1 August 2017 for remuneration of \$10,000 plus superannuation. The contract was subsequently extended on 1 November 2017, 1 February 2018, 1 May 2018, 1 August 2018, 1 November 2018 and 1 February 2019 for an additional three months.

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

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

### *Bonuses*

Nina Webster achieved the milestones for a performance bonus of \$91,170 during the financial year which forms part of salary and fees.

### *Incentive share-based payments arrangements*

No share options were issued to key management personnel as remuneration during the year (2019: 6,351,975). No share options were exercised by key management personnel during the year (2019: nil).

The total share-based payment expense amortised for the financial year ended 30 June 2020 in relation to key management personnel was \$113,769 (2019: \$193,304).

125,000 options issued to David Franklyn on 19 October 2017 were cancelled on 11 October 2019.

## **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.

### **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
- 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).

### **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).



**Mr David Franklyn**

On 23 November 2015 Mr David Franklyn 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).

On 11 October 2019 David Franklyn resigned as a Non-Executive Director.

**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.

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*

2020	Balance at 1 July	Granted as compensation	Received on exercise of options/ performance shares	Net other change	Balance on Resignation	Balance at 30 June
	No.	No.	No.	No.		No.
James Williams <sup>1</sup>	2,252,355	-	-	-	-	2,252,355
Sonia Poli <sup>1</sup>	130,000	-	-	-	-	130,000
David Franklyn <sup>2</sup>	462,157	-	-	-	(462,157)	-
Hugh Alsop <sup>3</sup>	-	-	-	-	-	-
Nina Webster <sup>5</sup>	45,000	-	-	-	-	45,000

2019	Balance at 1 July	Granted as compensation	Received on exercise of options/ performance shares	Net other change	Balance on Resignation	Balance at 30 June
	No.	No.	No.	No.		No.
James Williams <sup>1</sup>	2,131,339	-	121,016	-	-	2,252,355
Sonia Poli <sup>1</sup>	130,000	-	-	-	-	130,000
David Franklyn <sup>2</sup>	448,359	-	13,798	-	-	462,157
Hugh Alsop <sup>3</sup>	-	-	-	-	-	-
Kathy Harrison <sup>4</sup>	333,333	-	-	-	(333,333)	-
Nina Webster <sup>5</sup>	-	-	-	45,000	-	45,000

<sup>1</sup> Appointed 3 July 2015

<sup>2</sup> Resigned 11 October 2019

<sup>3</sup> Appointed 1 May 2017

<sup>4</sup> Employment ceased 9 November 2018

<sup>5</sup> Appointed 27 August 2018

### Share options of Dimerix Limited

2020	Balance at 1 July	Granted as compensation	Exercised / Cancelled	Balance at 30 June	Balance vested at 30 June	Vested and exercisable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.
James Williams	175,000	-	-	175,000	175,000	175,000	-
Sonia Poli	125,000	-	-	125,000	125,000	125,000	-
David Franklyn <sup>1</sup>	125,000	-	(125,000)	-	-	-	-
Hugh Alsop	125,000	-	-	125,000	125,000	125,000	-
Nina Webster	6,351,975	-	-	6,351,975	3,175,988	3,175,988	-

<sup>1</sup> 125,000 options previously issued to David Franklyn were cancelled on 12 November 2019.

2019	Balance at 1 July	Granted as compensation	Exercised / Cancelled	Balance at 30 June	Balance vested at 30 June	Vested and exercisable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.
James Williams	175,000	-	-	175,000	175,000	175,000	-
Sonia Poli	125,000	-	-	125,000	125,000	125,000	-
David Franklyn <sup>1</sup>	125,000	-	-	125,000	125,000	125,000	-
Hugh Alsop	125,000	-	-	125,000	125,000	125,000	-
Kathy Harrison	2,329,948	-	(2,329,948) <sup>1</sup>	-	-	-	-
Nina Webster	-	6,351,975	-	6,351,975	-	-	-

<sup>1</sup> 2,329,948 options previously issued to Kathy Harrison (500,000 options issued in 2017 financial year & 1,829,948 options issued in 2018 financial year) were cancelled. 1,829,948 options were cancelled on 14 January 2019 and 500,000 options were cancelled on 29 January 2019.

## Key management personnel equity holdings

### Performance shares of Dimerix Limited

2020	Balance at 1 July	Granted as compensation	Net other change	Conversion to fully paid ordinary shares	Balance on Resignation	Balance at 30 June
	No.	No.	No.	No.		No.
James Williams	-	-	-	-	-	-
Sonia Poli	-	-	-	-	-	-
David Franklyn	-	-	-	-	-	-
Hugh Alsop	-	-	-	-	-	-
Nina Webster	-	-	-	-	-	-

2019	Balance at 1 July	Granted as compensation	Net other change	Conversion to fully paid ordinary shares	Balance on Resignation	Balance at 30 June
	No.	No.	No.	No.		No.
James Williams	121,016	-	-	(121,016)	-	-
Sonia Poli	-	-	-	-	-	-
David Franklyn	13,798	-	-	(13,798)	-	-
Hugh Alsop	-	-	-	-	-	-
Kathy Harrison	-	-	-	-	-	-

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors



Dr James Williams

Chairman

Melbourne, 27 August 2020

27 August 2020

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

Dear Directors

**RE: DIMERIX LIMITED**

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

As Audit Director for the audit of the financial statements of Dimerix Limited for the year ended 30 June 2020, 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**  
(Trading as Stantons International)  
(An Authorised Audit Company)



**Martin Michalik**  
Director

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
DIMERIX LIMITED**

**Report on the Audit of the Financial Report**

**Our Opinion**

We have audited the financial report of Dimerix Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 2020 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**Key Audit Matters**

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

Key Audit Matters	How the matter was addressed in the audit
<b>Share based payments – share options</b>	
The Group awarded share-based payments in the form of share options. The awards vest subject to the achievement of certain vesting conditions.	Inter alia, our procedures included the following:
The Group used the Black-Scholes model in valuing the share-based awards, based on the vesting conditions attached to each tranche.	i. Assessing the assumptions used in the Group's valuation of share options being the share price of the underlying equity, interest rate, volatility, dividend yield, time to maturity (expected life) and grant date;
The Group has performed calculations to record the related share-based payment movement of \$181,356 in reserves as at 30 June 2020 as disclosed in notes 19 and 21 of the consolidated financial statements.	ii. Assessing the fair value of the calculation through re-performance using the Black Scholes model; and
Due to the complex nature of transaction and estimates used in determining the valuation of the share-based payment arrangement and vesting expense, we consider the Group's calculation of the share-based payment expense to be a key audit matter.	iii. Assessing the accuracy of the share- based payments expense and the adequacy of disclosures made by the Group in the financial report.
In determining the fair value of the awards and related expense, the Group used assumptions in respect of future market and economic conditions.	

## 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 2020 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 conclusion 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.

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.

## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 22 to 28 of the directors' report for the year ended 30 June 2020. 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.

## **Opinion on the Remuneration Report**

In our opinion, the Remuneration Report of Dimerix Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
(Trading as Stantons International)  
(An Authorised Audit Company)

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
Director

West Perth, Western Australia  
27 August 2020

## Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 to the financial statements;
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated entity; and
- (d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

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

On behalf of the directors



Dr James Williams  
Chairman  
27 August 2020  
Melbourne, Victoria

## Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2020

	Note	30 June 2020 \$	30 June 2019 \$
<b>Continuing operations</b>			
Revenue	6	2,700	18,108
Other income	7	2,421,536	1,429,282
Research and development expenses		(5,537,528)	(2,837,027)
Corporate administration expenses	8	(1,251,581)	(1,265,441)
Share based payments	21	(129,280)	(231,143)
<b>Loss before income tax</b>		<b>(4,494,153)</b>	<b>(2,886,221)</b>
Income tax expense	9	-	-
<b>Loss for the year from continuing operations</b>		<b>(4,494,153)</b>	<b>(2,886,221)</b>
<b>Other comprehensive income, net of income tax</b>			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
<b>Other comprehensive income for the year, net of income tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(4,494,153)</b>	<b>(2,886,221)</b>
<b>Loss and total comprehensive loss attributable to:</b>			
Owners of Dimerix Limited		<b>(4,494,153)</b>	<b>(2,886,221)</b>
<b>Loss per share:</b>			
Basic and diluted (cents per share)	10	(2.62)	(1.82)

Notes to the consolidated financial statements are included on pages 39 to 70.

## Consolidated statement of financial position as at 30 June 2020

	Note	30 June 2020 \$	30 Jun 2019 \$
<b>Current assets</b>			
Cash and cash equivalents	24	7,785,706	3,563,286
Trade, other receivables and prepayments	11	2,571,720	1,374,739
Right of use asset	12	30,353	-
<b>Total current assets</b>		<b>10,387,779</b>	<b>4,938,025</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	1,232	2,620
<b>Total non-current assets</b>		<b>1,232</b>	<b>2,620</b>
<b>Total assets</b>		<b>10,389,011</b>	<b>4,940,645</b>
<b>Current liabilities</b>			
Trade and other payables	14	1,505,457	719,379
Borrowing	15	1,063,015	-
Provisions	16	29,958	18,389
Lease liability	12	31,317	-
<b>Total current liabilities</b>		<b>2,629,747</b>	<b>737,768</b>
<b>Total liabilities</b>		<b>2,629,747</b>	<b>737,768</b>
<b>Net assets</b>		<b>7,759,264</b>	<b>4,202,877</b>
<b>Equity</b>			
Issued capital	18	28,344,114	20,474,930
Reserves	19	850,983	669,627
Accumulated losses		(21,435,833)	(16,941,680)
		<b>7,759,264</b>	<b>4,202,877</b>

Notes to the consolidated financial statements are included on pages 39 to 70.

## Consolidated statement of changes in equity for the year ended 30 June 2020

	Issued capital	Reserves	Accumulated losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	<b>20,287,429</b>	<b>625,985</b>	<b>(14,055,459)</b>	<b>6,857,955</b>
Loss for the year	-	-	(2,886,221)	(2,886,221)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(2,886,221)</b>	<b>(2,886,221)</b>
Conversion of performance C shares	187,501	(187,501)	-	-
Share issue costs	-	-	-	-
Recognition of share based payments	-	231,143	-	231,143
<b>Balance at 30 June 2019</b>	<b>20,474,930</b>	<b>669,627</b>	<b>(16,941,680)</b>	<b>4,202,877</b>
<b>Balance at 1 July 2019</b>	<b>20,474,930</b>	<b>669,627</b>	<b>(16,941,680)</b>	<b>4,202,877</b>
Loss for the year	-	-	(4,494,153)	(4,494,153)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(4,494,153)</b>	<b>(4,494,153)</b>
Issue of ordinary shares	8,340,129	-	-	8,340,129
Share issue costs	(470,945)	-	-	(470,945)
Recognition of share based payments	-	181,356	-	181,356
<b>Balance at 30 June 2020</b>	<b>28,344,114</b>	<b>850,983</b>	<b>(21,435,833)</b>	<b>7,759,264</b>

Notes to the consolidated financial statements are included on pages 39 to 70.

## Consolidated statement of cash flows for the year ended 30 June 2020

	Note	30 June 2020 \$	30 June 2019 \$
<b>Cash flows from operating activities</b>			
Receipt of Research and Development tax refund		1,180,759	1,073,628
Other income		83,283	-
Payments to suppliers and employees		(5,988,222)	(3,842,537)
Interest received		2,700	18,107
Net cash (used in) operating activities	24	(4,721,480)	(2,750,802)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	13	-	(6,906)
Net cash (used in) investing activities		-	(6,906)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		8,340,129	-
Payment for share issue costs		(441,406)	-
Proceeds from borrowings		1,024,128	-
Repayment of lease liability		(11,759)	-
Net cash provided by financing activities		8,911,092	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		4,189,612	(2,757,708)
Cash and cash equivalents at the beginning of the year		3,563,286	6,284,322
Effects of exchange rate changes on cash and cash equivalents		32,808	36,672
<b>Cash and cash equivalents at the end of the year</b>	24	<b>7,785,706</b>	<b>3,563,286</b>

Notes to the consolidated financial statements are included on pages 39 to 70.



# Notes to the financial statements for the year ended 30 June 2020

## 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. New and Revised Accounting Standards Adopted by the Group

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

- AASB 16: Leases

The impact of the adoption of this Standard and the respective accounting policies is disclosed in Note 2.1 below.

### 2.1 *Changes in Accounting Policies*

This note describes the nature and effect of the adoption of AASB 16: Leases on the Group’s financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

As a result of the changes in Group’s accounting policies, prior year financial statements were required to be restated. However, the Group has adopted AASB 16: Leases using modified retrospective approach with the cumulative effect of initially applying AASB 16 recognised as 1 July 2019.

#### 2.1.1 *Leases*

##### The Group as lessee

At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate

implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows;

- fixed lease payments less any lease incentives;
- variable lease payments that depend on index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability less any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

#### Initial Application of AASB 16: Leases

The Group has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised as 1 July 2019. In accordance with AASB 16, the comparatives for the 2018 reporting period have not been restated.

The Group has recognised a lease liability and right-of-use asset for all leases (with exception of short-term and low value leases) recognised as operating leases under AASB 117: Leases where the Group is a lessee.

Lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at the commencement of the lease was used to discount the lease payments.

The right-of-use assets were measured at their carrying values as if AASB 16 Leases had been applied since the commencement date but discounted using the Group's incremental

borrowing rate per lease term. The right-of-use assets have been recognised in the statement of financial position upon the commencement of the lease agreements.

The following practical expedients have been used by the Group in applying AASB 16 Leases for the first time:

- Leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term lease.
- The use of hindsight to determine lease terms or contracts that have options to extend or terminate.

The Group's incremental borrowing rate applied to the lease liabilities was 5.03%.

#### **Other standards not yet applicable**

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

### **3. Significant accounting policies**

#### **3.1 Statement of compliance**

These 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 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 financial statements were authorised for issue by the directors on 27 August 2020.

#### **3.2 Basis of preparation**

The 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 117 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.

### **3.3 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.

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.

### **3.4** *Going concern basis*

The 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 2020 the Group incurred a loss after tax of \$4,494,153 (2019: \$2,886,221) and a net cash outflow from operations of \$4,721,480 (2019: \$2,750,802). At 30 June 2020, the Group had current assets of \$10,387,779 (2019: \$4,938,025), current liabilities of \$2,629,747 (2019: \$737,768) and current cash holding was \$7,785,706 (2019: \$3,563,286). Commitment expenditure is disclosed in Note 25.

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

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The 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.

### **3.5** *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 3.3 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.

### **3.6 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.

### **3.7 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.

### **3.8 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.



### **3.9 Employee benefits**

#### **Short-term and long-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.

### **3.10 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 21.

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.

### **3.11 Taxation**

#### **3.11.1 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.

### **3.11.2 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.

### **3.11.3 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.

### **3.12 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.

### **3.13 Intangible assets**

#### **3.13.1 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.

#### **3.13.2 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.

### **3.14      *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

### **3.15      *Borrowings***

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

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

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

### **3.16 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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.

### **3.17 Financial instruments**

#### **3.17.1 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.

#### **3.17.2 Classification and subsequent measurement**

##### **Financial assets**

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

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

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

Classifications are determined by both:

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

#### Financial assets at amortised cost

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

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

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

#### Financial assets at fair value through other comprehensive income (Equity instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

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

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

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

#### Financial assets at fair value through profit or loss (FVPL)

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

#### **Financial liabilities**

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

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

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

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

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

#### **3.17.3 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.

#### **3.18 Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (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.

#### **4. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described in note 3, 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.

##### **4.1 Other Key sources of estimation uncertainty**

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

#### **5. Segment information**

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 statement of financial performance and statement of financial position represents the information for the business segment.

#### **6. Revenue**

Interest received

2020	2019
\$	\$
2,700	18,108

## 7. Other income

	2020 \$	2019 \$
Research and development tax incentive	2,338,254	1,429,282*
Government incentives**	83,282	-
	<b>2,421,536</b>	<b>1,429,282</b>

\*\$248,523 relates to an additional amount received as a result of a successful Overseas Finding Application submitted to AusIndustry for eligible expenditure relating to the 2017/2018 financial year.

\*\*\$83,282 was received in relation to the Boosting Cashflow for Employers Incentive.

## 8. Corporate administration expenses

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

	2020 \$	2019 \$
Company secretary fees	24,000	20,449
Depreciation and amortisation	13,529	4,677
Directors remuneration	198,502	232,536
Salary and wages	318,758	356,095
Rental expense	39,287	56,254
Legal and professional fees	10,655	7,285
Share registry fees	32,857	9,395
Insurance expenses	137,301	112,579
Other administration expenses	476,692	466,171
	<b>1,251,581</b>	<b>1,265,441</b>

## 9. Income taxes relating to continuing operations

### 9.1 Income tax recognised in profit and loss

	2020 \$	2019 \$
Current tax benefit	(408,126)	(378,949)
Deferred tax expense	11,651	2,619
Tax losses not recognised	396,475	376,330
<b>Total Tax expense/(benefit)</b>	<b>-</b>	<b>-</b>

The income tax expense for the year can be reconciled to the accounting loss as follows:

	2020 \$	2019 \$
Loss before income tax from continuing operations	(4,494,153)	(2,886,221)
Income tax expense calculated at 27.5% (2019:27.5%)	(1,235,892)	(793,711)
Effect of items that are not assessable/deductible in determining taxable loss:		
Non-deductible expenses	1,505,341	810,434
Non-assessable income	(665,924)	(393,053)
Effect of unused tax losses not recognised as deferred tax assets	396,475	376,330
	-	-

The tax rate used for the reconciliation above is the corporate tax rate of 27.5% (2019:27.50%) payable by Australian corporate entities on taxable profits under Australian tax law.

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

## 9.2 *Income tax recognised directly in equity*

	2020 \$	2019 \$
<b>Current tax</b>		
Share issue costs	54,467	37,009
<b>Deferred tax</b>		
Share issue costs deductible over 5 years	103,608	-
	<b>158,075</b>	<b>37,009</b>

## 9.3 *Unrecognised deferred tax assets*

	2020 \$	2019 \$
Unused tax losses for which no deferred tax assets have been recognised	3,497,332	3,111,618
Temporary differences	288,362	185,425

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.

## 10. Loss per share

	2020	2019
	\$	\$
Basic and diluted loss per share (cents per share)	(2.62)	(1.82)

### 10.1 Basic and diluted loss per share

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

	2020	2019
	\$	\$
Loss for the year attributable to owners of the Company	(4,494,153)	(2,886,221)

	2020	2019
	No.	No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	171,518,834	158,613,995

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

## 11. Trade and other receivables and Prepayments

	2020	2019
	\$	\$
Other receivables	2,464,081	1,274,966
Prepayments	107,639	99,773
	2,571,720	1,374,739

The other receivables at the reporting date include Research and Development tax incentive of \$2,338,254 (2019: \$1,180,759). This amount is based on criteria of eligible expenditure set out by AusIndustry. This amount has been pledged as security for a credit facility obtained during the year (refer to note 15).

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

## 12. Right of use asset and lease liability

### 12.1 Right of use asset:

	2020 \$	2019 \$
On initial recognition	42,494	-
Accumulated depreciation	(12,141)	-
<b>Carrying Value at end of period</b>	<b>30,353</b>	<b>-</b>

### 12.2 Lease liability:

	2020 \$	2019 \$
<b>Current</b>		
Property lease liability	31,317	-
<b>Non-current</b>		
Property lease liability	-	-
<b>Total lease liabilities</b>	<b>31,317</b>	<b>-</b>

	2020 \$	2019 \$
Depreciation – right of use asset	12,141	-
Interest expense – lease liability	583	-
Other leases classified as short-term or low value asset	39,287	56,254
Lease payments during the year	11,759	-

#### 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 leases

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 in accordance with AASB 16 adopted by the Group on 1 July 2019 under the modified retrospective approach.

The right-of-use asset is measured at the amount equal to the lease liability at initial recognition and then amortised over the life of the lease. The lease liability and ROU asset at initial recognition is \$42,494.

The right-of-use asset is being depreciated over the lease term on a straight-line basis which is approximately 14 months for the lease in place at 30 June 2020. Depreciation expense of \$12,141 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 5.03%. 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 \$583 was included in corporate administration expense in the consolidated statement of profit or loss and other comprehensive income.

### 13. Property, plant and equipment

#### *Carrying amounts of*

Computer Equipment

2020	2019
\$	\$
1,232	2,620

#### *Cost or Valuation*

Balance at 1 July

Additions

Balance at 30 June

2020	2019
\$	\$
17,713	10,807
-	6,906
17,713	17,713

#### *Accumulated depreciation*

Balance at 1 July

Depreciation expense

Balance at 30 June

#### **Net book value**

2020	2019
\$	\$
15,093	10,416
1,388	4,677
16,481	15,093
1,232	2,620

### 14. Trade and other payables

Trade creditors

Accruals and other payables

2020	2019
\$	\$
1,148,946	416,821
356,511	302,558
1,505,457	719,379

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

## 15. Borrowing

	2020 \$	2019 \$
Principal amount	1,024,128	-
Accrued interest	38,887	-
	<b>1,063,015</b>	<b>-</b>

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 is secured by the Research and Development Tax Incentive receivable for the financial year ended 30 June 2020 (refer to note 11). Interest is payable at the rate of 15.00% per annum. Subsequent to year end, the credit facility was repaid in full on 20 July 2020. The borrowing is carried at amortised cost.

## 16. Provisions

	2020 \$	2019 \$
Provision for employee entitlements	29,958	18,389

## 17. Subsidiary

	2020	2019
Dimerix Bioscience Pty Ltd      Australia	100%	100%

## 18. Issued capital

	2020 \$	2019 \$
197,749,297 fully paid ordinary shares (2019: 158,799,437)	28,344,114	20,474,930

	30 June 2020		30 June 2019	
	No.	\$	No.	\$
Balance at beginning of the balance year	158,799,437	20,474,930	155,049,393	20,287,429
Issue of ordinary shares	38,949,860	8,340,129	-	-
Conversion of performance C shares	-	-	3,750,044	187,501
Capital raising costs	-	(470,945)	-	-
Balance at end of the end of the year	<b>197,749,297</b>	<b>28,344,114</b>	<b>158,799,437</b>	<b>20,474,930</b>



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.

## 19. Reserves

	2020 \$	2019 \$
Performance shares reserve	-	-
Share based payment reserve	850,983	669,627
Total reserves at end of year	850,983	669,627

### Performance share reserve

On acquisition of Dimerix Bioscience Pty Ltd, performance shares were issued to the Vendors or their nominee.

Each performance share is convertible into 1 ordinary share.

On 18 July 2018, ethics approval was granted for DMX-200 Phase 2 clinical efficacy trials, triggering Milestone C of the Class C Performance Shares which were issued to Dimerix Bioscience shareholder vendors on 3 July 2015. As a result, 3,750,044 Class C Performance Shares were converted to 3,750,044 ordinary shares. This allocation represents the last tranche of Performance Shares associated with the 2015 transaction.

Following the conversion of Class C Performance Shares, in 2019 there are no further legacy aspects to the July 2015 acquisition of Dimerix Biosciences Pty Ltd.

### Performance share reserve movement

	2020 \$	2019 \$
Balance at beginning of the balance year	-	187,501
Conversion to ordinary shares	-	(187,501)
Balance at end of the end of the balance year	-	-

### Share-based payments Reserve

	2020 \$	2019 \$
Balance at beginning of year	669,627	438,484
Arising on share-based payments	181,356*	231,143
Balance at end of year	850,983	669,627

\* Included in share based payments is \$52,069 relating to issuance of options to corporate advisors as part of the transaction cost for capital raising. The total share-based payment expense for advisory options amortised for the financial year ended 30 June 2020 was \$22,530. The total share-based payment recognised as a cost of raising capital and deducted from equity was \$29,539.

Further information about share-based payments is set out in note 21.

## **20. Financial instruments**

### **20.1 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 2019.

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.

### **20.2 Categories of financial instruments**

	2020 \$	2019 \$
<b>Financial assets</b>		
Cash and cash equivalents	7,785,706	3,563,286
Trade and other receivables	2,464,081	1,274,966
	10,249,787	4,838,252
<b>Financial liabilities</b>		
Trade and other payables	1,505,457	719,379
Borrowing	1,063,015	-
Lease liability	31,317	-
	2,599,789	719,379

The fair value of the above financial instruments approximates their carrying values.

### **20.3 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.

#### **20.4      *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 20.5 below).

#### **20.5      *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 2020 would increase/decrease by \$77,039 (2019: \$27,902).

#### **20.6      *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.

## 20.7 *Foreign currency risk management*

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. At 30 June 2020, the Company has cash denominated in US dollars (US\$43,739 (2019: US\$499,980)). The A\$ equivalent at 30 June 2020 is \$63,781 (2019: \$711,887). A 5% movement in foreign exchange rates would increase the Group's loss before tax by approximately \$1,534 (2019: (\$2,774)).

## 20.8 *Liquidity risk management*

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.

Contractual cash flows						
	Carrying Amount	Less than 1 month	1-3 months	3-12 months	1 year to 5 years	Total contractual cash flows
	\$	\$	\$	\$	\$	\$
<b>2020</b>						
Trade and other payables	1,505,457	66,252	1,378,996	60,209	-	1,505,457
Borrowing	1,063,015	-	1,063,015	-	-	1,063,015
Lease liability	31,317	-	-	31,317	-	31,317
	2,599,789	66,252	2,442,011	91,526	-	2,599,789
<b>2019</b>						
Trade and other payables	719,379	525,406	139,761	54,212	-	719,379

## 21. *Share-based payments*

### *Share-based payments*

Arising on issuance of shares for no consideration  
Arising on issuance of options

2020	2019
\$	\$
-	-
181,356	231,143
181,356	231,143

### 21.1 *Employee share option plan*

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. 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 rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

There were no options issued to employees during the financial year ended 30 June 2020. The total share-based payment expense amortised for the financial year ended 30 June 2020 was \$129,280 (2019: \$231,143).

### 21.2 *Options issued to Advisors*

1,000,000 options were granted to corporate advisors Taylor Collison. Under the corporate advisor agreement, 1,000,000 unlisted options were issued on 9 August 2019 at an exercise price of 18 cents per share, expiring three years from the date of issue. 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:

Item	Inputs - \$0.18
Volatility (%)	57.96%
Risk free interest rate (%)	1.0%
Expected life of option (years)	3.0
Exercise price per terms and conditions	\$0.18
Underlying security price at grant date	\$0.10
Expiry date	9 August 2022
Value per option	\$0.023

750,000 options were granted to corporate advisors Westar Capital for their services in connection with the placement announced on 03 December 2019. Under the placement mandate, 750,000 unlisted options were issued on 9 December 2019 at an exercise price of 18 cents per share, expiring on 9 August 2022. 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:

Item	Inputs - \$0.18
Volatility (%)	59.51%
Risk free interest rate (%)	0.75%
Expected life of option (years)	2.67
Exercise price per terms and conditions	\$0.18
Underlying security price at grant date	\$0.135
Expiry date	9 August 2022
Value per option	\$0.039

The deemed fair value of options granted to advisors during the financial year ended 30 June 2020 is \$52,069.

The total share-based payment expense for options granted to Advisors amortised for the financial year ended 30 June 2020 was \$22,530. The total share-based payment recognised as a cost of raising capital brought directly to the statement of changes in equity was \$29,539.

### 21.3 Options on Issue

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

No. of options.	Grant date	Expiry date	Grant date fair value	Vesting date/Expected Vesting Date	Exercise Price
425,000	19 October 2017	20 April 2021	\$0.125	20 February 2018	\$0.40
90,515	17 November 2017	13 November 2020	\$0.108	17 November 2017	\$0.286
500,000	24 September 2018	24 September 2020	\$0.022	24 September 2018	\$0.25
1,500,000	24 September 2018	24 September 2020	\$0.009	24 September 2018	\$0.50
2,117,325	30 October 2018	30 October 2023	\$0.051	<sup>1/3</sup> vest on 30 October 2019 <sup>1/12</sup> vest on 31 January 2020 <sup>1/12</sup> vest on 30 April 2020 <sup>1/12</sup> vest on 31 July 2020 <sup>1/12</sup> vest on 30 October 2020 <sup>1/12</sup> vest on 31 January 2021 <sup>1/12</sup> vest on 30 April 2021 <sup>1/12</sup> vest on 31 July 2021 <sup>1/12</sup> vest on 30 October 2021	\$0.18
2,117,325	30 October 2018	30 October 2023	\$0.042	<sup>1/3</sup> vest on 30 October 2019 <sup>1/12</sup> vest on 31 January 2020 <sup>1/12</sup> vest on 30 April 2020 <sup>1/12</sup> vest on 31 July 2020 <sup>1/12</sup> vest on 30 October 2020	\$0.27

				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	
2,117,325	30 October 2018	30 October 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
625,000 <sup>1</sup>	15 March 2019	31 January 2024	\$0.026	1/2 vest on 30 September 2019 1/2 expected to vest on 31 August 2020	\$0.18
625,000 <sup>1</sup>	15 March 2019	31 January 2024	\$0.018	1/2 vest on 30 September 2019 1/2 expected to vest on 31 August 2020	\$0.27
1,000,000	09 August 2019	09 August 2022	\$0.023	09 August 2019	\$0.18
750,000	09 December 2019	09 August 2022	\$0.039	09 December 2019	\$0.18

1. 250,000 options from each tranche lapsed during the year upon termination of an employment contract. A resolution was passed by the Board of Directors on 18 December 2019 to postpone the forfeiture event to 6 months after Phase 2 data read-out (inclusive of FSGS and DKD studies).

Other than noted above, there has been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

125,000 options were cancelled on 12 November 2019 and 500,000 options expired 31 March 2020. A further 500,000 options lapsed during the year upon termination of an employment contract. A resolution was passed by the Board of Directors on 18 December 2019 to postpone the forfeiture event to 6 months after Phase 2 data read-out (inclusive of FSGS and DKD studies).

#### **21.4 Fair value of share options granted in the year**

The deemed fair value of options granted during the year is \$52,069 (2019: \$325,594).

#### **21.5 Performance shares on issue**

Following the conversion of Class C Performance Shares on 18 July 2018, there are no further legacy aspects to the July 2015 acquisition of Dimerix Biosciences Pty Ltd.

### 21.6 *Movements in share options during the year*

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

	2020		2019	
	Number of options No.	Weighted average exercise price \$	Number of options No.	Weighted average exercise price \$
Balance at beginning of the year	10,742,490	0.309	3,470,463	0.397
Granted during the year	1,750,000	0.180	9,601,975	0.299
Cancelled during the year	(125,000)	0.400	(2,329,948)	0.400
Exercised during the year	-	-	-	-
Expired during the year	(500,000)	0.400	-	-
Balance at end of year	11,867,490	0.285	10,742,490	0.309
Exercisable at end of year	8,066,504	0.296	3,140,515	0.421

### 21.7 *Share options exercises during the year*

There were no share options exercised during the year (2019: nil).

### 21.8 *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 \$0.2850 and a weighted average remaining contractual life of 929 days (2019: 1,266 days).

## 22. **Key management personnel**

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

	2020 \$	2019 \$
Short-term employee benefits	574,865	672,083
Post-employment benefits	32,954	45,822
Share-based payments	113,769	193,304
	<b>721,588</b>	<b>911,209</b>



## 23. Related party transactions

### 23.1 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 22.

### 23.2 Other related party transactions

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

## 24. Cash and cash equivalents

For the purposes of the 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 statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2020	2019
	\$	\$
Cash and bank balances	7,785,706	3,563,286

### Reconciliation of loss for the year to net cash flows from operating activities

	2020	2019
	\$	\$
<b>Cash flow from operating activities</b>		
Loss for the year	(4,494,153)	(2,886,221)
Adjustments for:		
Depreciation and amortisation	13,529	4,677
Share based payments	151,811	231,143
Accrued interest on borrowings	39,470	
Effects of exchange rate changes on cash and cash equivalents	(32,808)	(36,672)
Movements in working capital		
(Increase)/decrease in other receivables	(1,189,115)	(371,471)
(Increase) in prepayments	(7,866)	(23,282)
Increase in trade and other payables	786,083	354,936
Increase/(decrease) in provisions	11,569	(23,912)
<b>Net cash outflows from operating activities</b>	<b>(4,721,480)</b>	<b>(2,750,802)</b>

**25. Commitments and contingencies**

**Commitments for expenditure**

The Group has entered into a number of agreements related to research and development activities. As at 30 June 2020, under these agreements, the Group is committed to making payments over future periods, as follows:

	2020 \$
During the period 1 July 2020 – 30 June 2021	4,700,100
During the period 1 July 2021 – 30 June 2022	36,679
During the period 1 July 2022 – 30 June 2023	-
	<b>4,736,779</b>

Where commitments are denominated in foreign currencies, the amounts have been converted to Australian dollars based on exchange rates prevailing as at 30 June 2020.

**26. Remuneration of auditors**

***Auditor of the parent entity***

	2020 \$	2019 \$
Audit or review of the financial statements	36,952	34,551
Other non-audit services	-	-
	<b>36,952</b>	<b>34,551</b>

The auditors of Dimerix Limited are Stantons International Audit and Consulting Pty Ltd.

**27. Events after the reporting period**

On 20 July 2020 the Group re-paid in full the R&D advance loan.

Other than the above, there has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

**28. Parent entity information**

The accounting policies of the parent entity, which have been applied in determining the 2020 and 2019 financial information shown below, are the same as those applied in the financial statements. Refer to note 3 for a summary of significant accounting policies relating to the Group.

**Financial position of Dimerix Limited (Legal Parent)**

	2020 \$	2019 \$
<b>Assets</b>		
Current assets	7,005,762	2,148,636
Non-current assets	-	-
Total assets	<b>7,005,762</b>	<b>2,148,636</b>
<b>Liabilities</b>		
Current liabilities	1,266,948	157,186
Total liabilities	<b>1,266,948</b>	<b>157,186</b>
Net assets	5,738,814	1,991,450
<b>Equity</b>		
Issued capital	58,287,025	50,417,841
Reserves	1,014,962	833,605
Accumulated losses	(53,563,173)	(49,259,996)
Total equity	<b>5,738,814</b>	<b>1,991,450</b>
<b>Financial performance</b>		
Loss for the year	<b>(4,303,177)</b>	<b>(3,650,642)</b>

**29. Government Assistance**

The Company entered into a research project agreement with University of Western Australia (UWA) in October 2019. The project will utilise expertise at the Harry Perkins Institute of Medical Research and UWA and will fund further research on molecular pharmacology profiling. The project is partially funded via a matched contribution totalling \$50,000 from the Commonwealth Government under the Innovations Connections Grant Scheme. The Government funding is provided directly to the UWA via a separate funding agreement.

## ASX Additional Information as at 1<sup>st</sup> August 2020

### 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	129	31,928	0.02%
1,001 - 5,000	655	1,975,453	1.00%
5,001 - 10,000	412	3,228,467	1.63%
10,001 - 100,000	1,121	43,528,116	22.01%
100,001 - 9,999,999,999	313	148,985,333	75.34%
<b>Totals</b>	<b>2,630</b>	<b>197,749,297</b>	<b>100.00%</b>

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

### Options (as at 1<sup>st</sup> August 2020)

- 90,515 unlisted \$0.286 expiring 13 November 2020 are held by one individual ESOP holder;
- 425,000 unlisted \$0.40 expiring 20 April 2021 are held by three individual option holders. Unlisted option holders holding more than 20% of these options are:
 

Hugh Alsop	125,000
Jampaso Pty Ltd	175,000
Sonia Poli	125,000
- 500,000 unlisted \$0.25 expiring 24 September 2020 are held by three individual option holders. Unlisted option holders holding more than 20% of these options are:
 

Mr. Rohan & Mrs. Fionnuala Edmondson	212,500
Ice Lake Investments Pty Ltd	212,500
Mintaka Nominees Pty Ltd	75,000
- 1,500,000 unlisted \$0.50 expiring 24 September 2020 are held by three individual option holders. Unlisted option holders holding more than 20% of these options are:
 

Mr. Rohan & Mrs. Fionnuala Edmondson	552,500
Ice Lake Investments Pty Ltd	552,500
Mintaka Nominees Pty Ltd	395,000
- 2,117,325 unlisted \$0.18 expiring 30 October 2023 are held by Nina Webster;
- 2,117,325 unlisted \$0.27 expiring 30 October 2023 are held by Nina Webster;
- 2,117,325 unlisted \$0.36 expiring 30 October 2023 are held by Nina Webster;
- 625,000 unlisted \$0.18 expiring 31 January 2024 are held by two individual ESOP holders;
- 625,000 unlisted \$0.27 expiring 31 January 2024 are held by two individual ESOP holders.
- 1,000,000 unlisted \$0.18 expiring 09 August 2022 are held by Taylor Nominees Pty Ltd

- 750,000 unlisted \$0.18 expiring 09 August 2022 are held by three individual option holders. Unlisted option holders holding more than 20% of these options are:

Ice Lake Investments Pty Ltd	637,500
Mintaka Nominees Pty Ltd	112,500

Options do not carry a right to vote.

### Unmarketable parcels

There are 139 shareholdings held with less than a marketable parcel.

### Substantial shareholders

	Number of shares	% holding
Mr Peter Meurs	25,529,309	12.91%

### Restricted securities

Nil

### On-Market buy-back

There is no current on-market buy-back.

### Twenty (20) largest shareholders of quoted equity securities

Position	Holder Name	Holding	% IC
1	MR PETER FLETCHER MEURS	25,529,309	12.91%
2	BAVARIA BAY PTY LTD	7,316,992	3.70%
3	YODAMBAO PTY LTD <YODAMBAO INVESTMENT A/C>	6,312,603	3.19%
4	MRS GWEN MURRAY PFLEGER <PFLEGER FAMILY A/C>	2,105,988	1.07%
5	TOROHA PTY LTD <THE WHITE FAMILY A/C>	2,044,932	1.03%
6	TT NICHOLLS PTY LTD <NICHOLLS SUPER FUND A/C>	1,816,667	0.92%
7	JAMPASO PTY LTD <WILLIAMS FAMILY A/C>	1,778,742	0.90%
8	DR DAVID KENNETH PACKHAM <PACKHAM & DAUGHTERS A/C>	1,689,391	0.85%
9	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	1,598,641	0.81%
10	MR JAMES JOSEPH CAMILLERI	1,581,159	0.80%
11	DJEE SUPER PTY LTD <DJEE SF A/C>	1,500,000	0.76%
11	UNDERLEX PTY LTD	1,500,000	0.76%
12	SOLEQUEST PTY LTD	1,412,302	0.71%
13	MR ROHAN CHARLES EDMONDSON & MRS FIONNUALA CATHERINE EDMONDSON <R F EDMONDSON SUPERFUND A/C>	1,300,000	0.66%
14	ALCAP PTY LIMITED <NEWBOLD FAMILY A/C>	1,260,000	0.64%
15	RDP PATERSON SUPERFUND PTY LTD <RDP PATERSON SUPER FUND A/C>	1,230,000	0.62%
16	GOLDFIRE ENTERPRISES PTY LTD	1,174,657	0.59%
17	DR ROGER DOUGLAS PRYDE PATERSON <THE HINDLEY A/C>	1,158,466	0.59%
18	AZALEA FAMILY HOLDINGS PTY LTD <NO 2 A/C>	1,150,000	0.58%
19	JGC SUPER PTY LTD <JGC FAMILY SUPER FUND A/C>	1,073,100	0.54%
20	STONERIDGE MINING PTY LTD <STONERIDGE MINING UNIT A/C>	1,050,000	0.53%
	<b>Total</b>	<b>65,582,949</b>	<b>33.16%</b>
	<b>Total issued capital - selected security class(es)</b>	<b>197,749,297</b>	<b>100.00%</b>



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