

Dimerix Limited and controlled entity
Appendix 4D
Half-year report

1. Company details

Name of entity: Dimerix Limited
ABN: 18 001 285 230
Reporting period: For the half-year ended 31 December 2022
Previous period: For the half-year ended 31 December 2021

2. Results for announcement to the market

				\$
Revenues from ordinary activities	down	48% to		75,647
(Loss) from ordinary activities after tax attributable to the owners of Dimerix Limited	up	49% to		(9,609,019)
(Loss) for the half-year attributable to the owners of Dimerix Limited	up	49% to		(9,609,019)

Dividends

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

Comments

The (loss) for the consolidated entity after providing for income tax amounted to \$9,609,019 (31 December 2021: \$6,466,900).

3. Net tangible assets

	Reporting period \$	Previous period \$
Net tangible assets per ordinary security	0.015	0.057

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial statements were subject to a review by the auditor and the review report is attached as part of the Financial Report for the half-year ended.

11. Attachments

Details of attachments (if any):

The Financial Report for the half-year ended of Dimerix Limited is attached.

12. Signed



Signed _____

Date: 27 February 2023

Hugh Alsop
Non-Executive Chairman

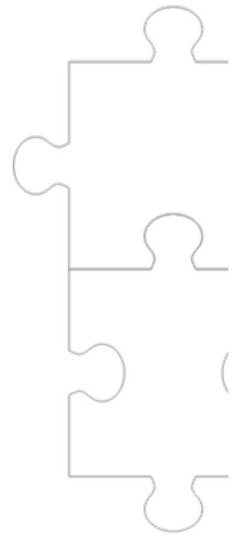
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Dimerix Limited and controlled entity

ABN 18 001 285 230

Financial Report for the half-year ended - 31 December 2022



Dimerix Limited and controlled entity
Corporate directory
31 December 2022

Directors

Dr Sonia Maria Poli - Non-Executive Director
Mr Hugh Alsop - Non-Executive Director (appointed as Non-Executive Chairman on 23 December 2022)
Dr Nina Webster - CEO and Managing Director

Company secretary

Mr Hamish George

Registered office

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

Share register

Automatic Registry Services
Level 5
191 St Georges Terrace
Perth, Western Australia, 6000

Auditor

Stantons
Level 2, 40 Kings Park Road
West Perth, Western Australia, 6005

Stock exchange listing

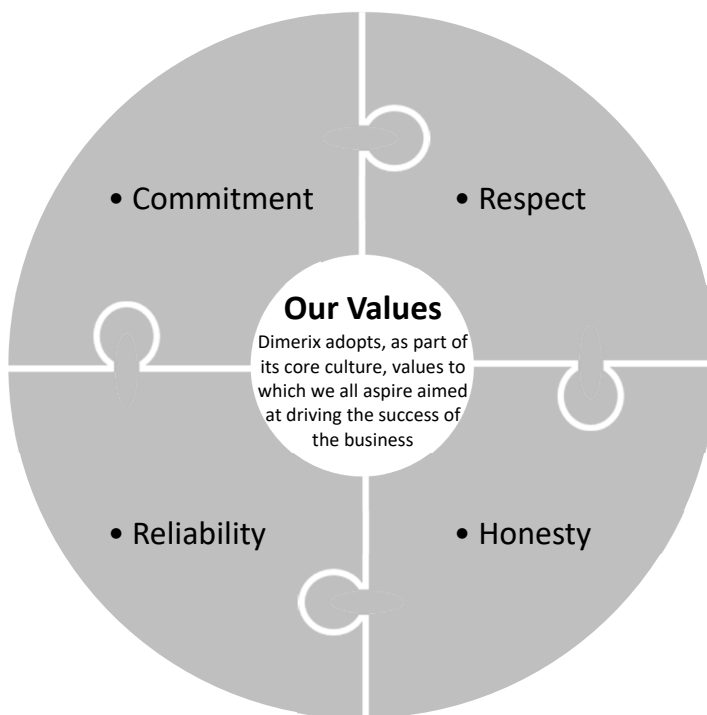
Dimerix Limited shares are listed on the Australian Securities Exchange (ASX code: DXB)

Website

www.dimerix.com

Postal Address:

425 Smith Street
Fitzroy
Victoria, 3065



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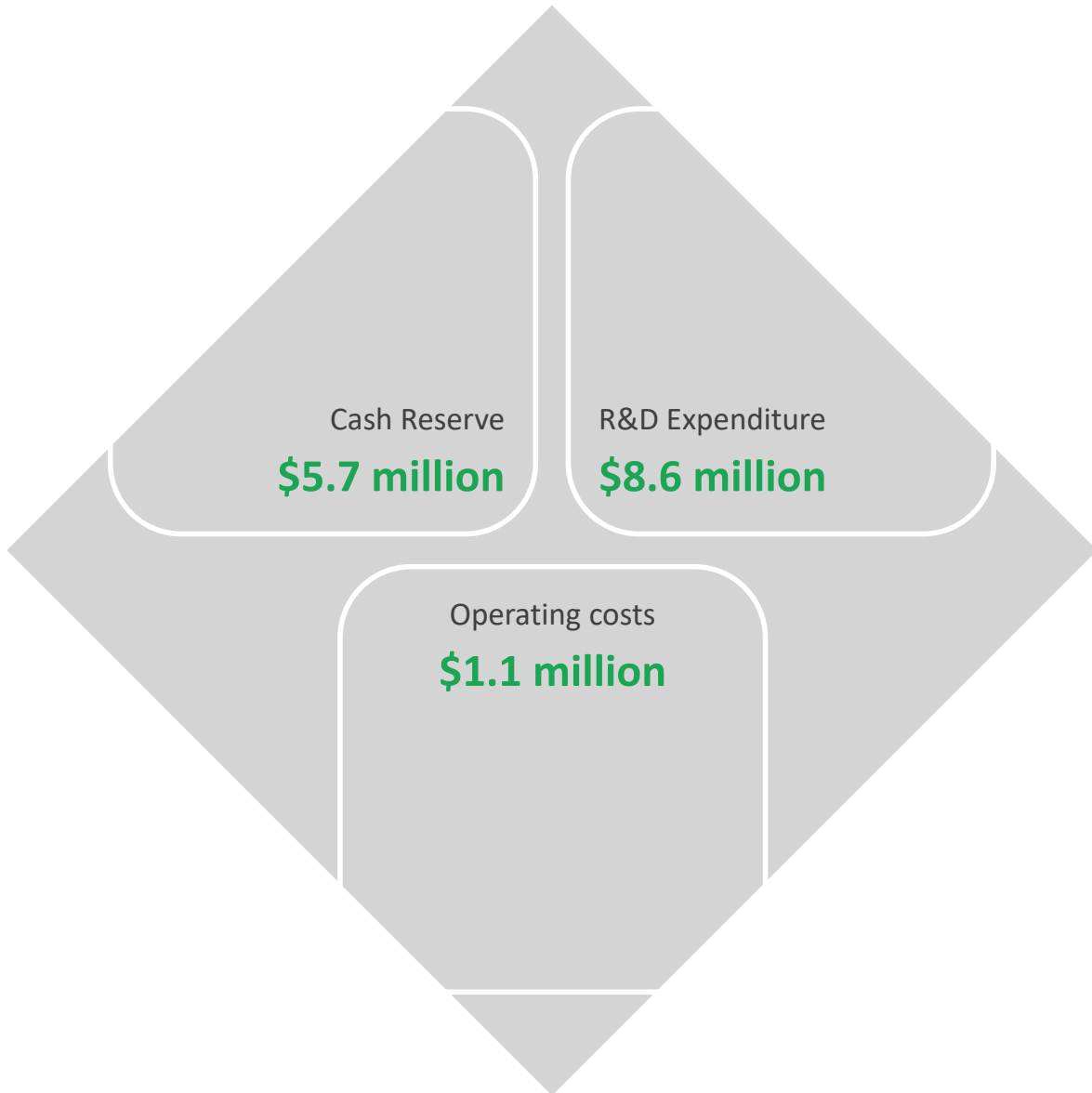
Dimerix Limited and controlled entity

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Dimerix Limited and controlled entity

Directors' report

31 December 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Dimerix Limited (referred to hereafter as the 'Company') and the entity it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were directors of the Company during the whole of the financial half-year ended 31 December 2022 and up to the date of this report, unless otherwise stated:

Dr James Williams (resigned 23 December 2022)

Dr Nina Webster

Dr Sonia Poli

Mr Hugh Alsop (non-executive chairman with effect from 23 December 2022)

Operating Results

The loss for the Group for the half-year ended 31 December 2022 after providing for income tax amounted to \$9,609,019 (31 December 2021: \$6,466,900).

The half-year ended 31 December 2022 operating results are attributed to the following:

- Research and development expenditure of \$8,587,501 (31 December 2021: \$5,241,129); and
- Corporate and administration expenses of \$1,060,880 (31 December 2021: \$1,266,903).

Review of operations

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

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

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

Overview of Group 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 and European markets.

Dimerix strives to develop products to help patients with unmet medical needs and our investment in research and development includes the use of state-of-the-art technology and collaborating effectively with our partners to help those patients most in need. Dimerix is adopting a diversified investment approach, targeting a range of specialty innovative new chemical entities (NCE's) along with re-purposed candidates which provides a balanced approach and reduced risk when compared with development of NCE's alone.

We do this by:

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

ESG Statement

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



Environmental

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



Social

We take pride in the success, growth and empowerment of our employees. We strive to attract and nurture a talented workforce.

As at 31 Dec 2022, female employees represent 60% of the work force



Governance

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

The DMX-200 Program

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

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

DMX-200 Market Background

Renal

Without adequate management, the progressive nature of kidney disease inevitably results in poor prognosis for patients. It most often results in total kidney failure and a poor quality of life. When the kidneys fail, it means they have stopped working well enough for the patient to survive without dialysis or a kidney transplant. A kidney transplant costs in the region of \$260,000 per patient,¹ with ongoing and expensive anti-rejection drugs also costing thousands of dollars per year, and dialysis costs in the region of \$100,000 per patient per year.¹ Moreover, dialysis requires regular visits, totalling over 12 hours per week to the medical facility² - a huge burden on both the patient and the healthcare system. DMX-200 has the potential to increase the life of the kidney, reducing the burden for both the patient and the healthcare system.

Focal Segmental Glomerulosclerosis

FSGS is a rare disease that attacks the kidney's filtering units, where blood is cleaned (called the 'glomeruli'), causing irreversible scarring. This leads to permanent kidney damage and eventual end-stage failure of the organ, requiring dialysis or transplantation. For those diagnosed with FSGS the prognosis is not good. The average time from a diagnosis of FSGS to the onset of complete kidney failure is only five years and it affects both adults and children as young as two years old.³ For those who are fortunate enough to receive a

¹ Pockros B et al (2021), *Dialysis and Total Health Care Costs in the United States and Worldwide*, *Journal of the American Society of Nephrology*, 32 (9) 2137-2139

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

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

kidney transplant, approximately 40% will get re-occurring FSGS in the transplanted kidney.⁴ At this time, there are no drugs specifically approved for FSGS anywhere in the world, so the treatment options and prognosis are poor.

FSGS is a billion-dollar plus market: the number of people with FSGS in the US alone is just over 80,000,⁵ and worldwide about 220,000.⁶ The illness has a global compound annual growth rate of 8%, with over 5,400 new cases diagnosed in the US alone each year.⁴ Because there is no effective treatment, Dimerix has received Orphan Drug Designation for DMX-200 in both the US and Europe for FSGS. This is a special status granted to a drug to treat a rare disease or condition; the designation means that DMX-200 can potentially be fast-tracked, and receive tax and other concessions to help it get to market.

Diabetic Kidney Disease

There were 23 million diagnosed diabetics in the US in 2017,⁷ and the incidence of diabetes is estimated to grow by 54% by the year 2040.⁸ 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.

Respiratory Complications associated with COVID-19

Dimerix's clinical drug candidate, DMX-200, was selected by investigators for inclusion in two studies for patients with respiratory complications associated with COVID-19, one in COVID-19 with moderate to severe pneumonia and one in an earlier stage of respiratory complications, prior to the onset of pneumonia. In June 2022, recruitment to the REMAP-CAP investigator-led study closed. In August 2022, recruitment to the CLARITY 2.0 investigator-led study closed. In December 2022, CLARITY 2.0 reported on the primary endpoint of the trial. DMX-200 was safe and well-tolerated, with no notable variation in the incidence or severity of adverse events between treatment with DMX-200 or placebo. There were no serious adverse events related to the drug reported. The safety data findings are entirely consistent with existing and growing strong safety profile of DMX-200. At Day 14, 92% of participants did not require hospitalisation and had no limitation on activities (score of 1 on the Health Score Scale) in both arms (Primary Endpoint), and 4% in each group were not hospitalised but had limitation on activities (score of 2 on the Health Score Scale).

Dimerix remains focussed on its flagship FSGS program and does not intend to continue development for DMX-200 in COVID-19 beyond commitments to CLARITY 2.0 and REMAP-CAP.

The DMX-700 Program

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

In June 2022, the activity of DMX-700 was tested in mice using an oral dose delivery in the porcine pancreatic elastase (PPE) model of COPD. This model is the most commonly used COPD model as it mimics the inflammatory response (effect of activated neutrophils) in the lungs of mice and leads to breakdown of lung tissue and emphysema (shortness of breath). DMX-700 resulted in a statistically significant 80% (p<0.01, n=6) reduction in the PPE-induced lung injury in mice. In contrast inhibiting only AT1R or IL-8R β individually had no statistically significant effect on lung injury induced by PPE.

In November 2022, Dimerix completed a pharmacokinetic (PK) and dose ranging pre-clinical study of DMX-700 in the mouse model. No notably drug-drug interactions were observed and a twice daily (BID) formulation was identified to support future clinical studies. Dimerix remains focussed on its flagship FSGS program and further work on DMX-700 is pending.

DMX-700 Market Background

COPD is a progressive and life-threatening lung disease. The most common cause of COPD is exposure to tobacco smoke (either active

⁴ Delve Insight Market Research Report (2020); Focal Segmental Glomerulosclerosis (FSGS)- Market Insight, Epidemiology and Market Forecast -2030

⁵ NephCure Kidney International (2020); Focal Segmental Glomerulosclerosis, online <https://nephcure.org/livingwithkidneydisease/understanding-glomerular-disease/understanding-fsgs/>

⁶ Delve Insight Market Research Report (2022): Focal segmental glomerulosclerosis (FSGS) – Market Insight, Epidemiology and market forecast – 2032; <https://www.delveinsight.com/report-store/focal-segmental-glomerulosclerosis-fsgs-market>

⁷ US National Diabetes Statistics Report, 2017. [ONLINE] Available at <https://www.cdc.gov/diabetes/pdfs/data/statistics/national-diabetes-statistics-report.pdf>

⁸ Diabetic Kidney Disease: Challenges, Progress, and Possibilities, American Journal of Nephrology, 2017

smoking or secondary smoke), however is also caused by exposure to indoor and outdoor air pollution, occupational dusts and fumes and long-term asthma.⁹

COPD is the third-leading cause of death in the world, causing 3.23 million deaths globally in 2019.¹⁰ In the United States, COPD affects 1 in 8 Americans age 45 and older,¹⁰ and 1 in 20 Australia aged 45 years,¹¹ but millions more may have the disease without even knowing it.¹² Although treatments exist to improve the symptoms of COPD, there is currently no way to slow progression of the condition or cure it.

The global COPD treatment market was valued at US\$17.68 billion in 2021 and is projected to grow at a Compound Annual Growth Rate (CAGR) of 7.28% to reach US\$27 billion by 2027.¹³

There is a significant unmet need in COPD, which is recognised by key organisations such as the National Institutes of Health (NIH) and globally by the World Health Organization (WHO) and the Centers for Disease Control and Prevention (CDC). In 2021 the NIH released the revised COPD National Action Plan in an effort to support research, diagnosis and treatment of the disease.¹⁰ Following this recognition, in 2018 the FDA issued revised guidance to help sponsors developing drugs to treat COPD.¹² The new guidance will enable shorter clinical trials using surrogate and patient-reported endpoints.

Cash position

The Group ended the half year with \$5,714,368 cash and cash equivalents as at 31 December 2022.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 17 February 2023, the Group announced a loan facility with Radium Capital providing the Group with immediate access to up to 80% of its estimated accrued Research and Development Tax Incentive (RDTI) rebate amounting to \$2,842,500 for the period 1 July 2022 - 31 December 2022. Interest is payable at the rate of 14.00% per annum and the facility matures on 30 September 2023.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Hugh Alsop
Non-Executive Chairman

27 February 2023
Melbourne, Victoria

⁹ WHO Fact Sheet COPD (2022) online: [https://www.who.int/news-room/fact-sheets/detail/chronic-obstructive-pulmonary-disease-\(copd\)](https://www.who.int/news-room/fact-sheets/detail/chronic-obstructive-pulmonary-disease-(copd))

¹⁰ NIH National COPD Action Plan (2021) online: <https://www.nhlbi.nih.gov/health-topics/education-and-awareness/COPD-national-action-plan>

¹¹ Australian Government, Institute of Health and Welfare (2020): online: <https://www.aihw.gov.au/reports/asthma-other-chronic-respiratory-conditions/copd-chronic-obstructive-pulmonary-disease/contents/deaths>

¹² American Lung Association Fact Sheet (2022), online: <https://www.lung.org/lung-health-diseases/lung-disease-lookup/copd/learn-about-copd>

¹³ Chronic Obstructive Pulmonary Disease Therapeutics Market Research Report (2022) online: <https://www.researchandmarkets.com/reports/4989588/chronic-obstructive-pulmonary-disease>



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www.stantons.com.au

27 February 2023

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

Dear Sirs

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 review of the financial statements of Dimerix Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Samir Tirodkar
Director



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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
DIMERIX LIMITED****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the half-year financial report of Dimerix Limited (the "Company") and its controlled entity (together, the "Group") which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, and the condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Group on 27 February 2023.

Material Uncertainty in Relation to Going Concern

As mentioned in the Note 1, the consolidated financial statements have been prepared on a going concern basis.

The ability of the Group to continue as a going concern and meet its planned commitments is dependent upon the Group being successful in raising funds through the issuance of capital and/or obtaining a loan facility. If the Group is unable to obtain sufficient funding for its ongoing operating and capital requirements, the Group may not be able to meet its liabilities as and when they fall due, and the realisable value of the Group's current and non-current assets may be significantly less than book values.

Our opinion is not modified in respect of this matter.

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Responsibility of the Directors for the Financial Report

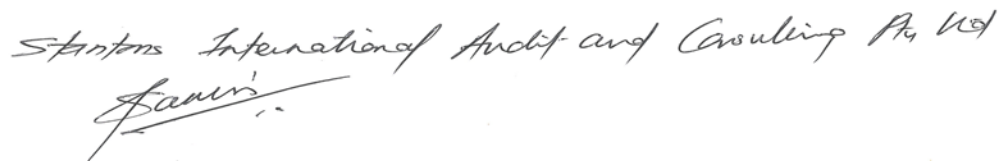
The directors of Dimerix Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)



Stantons International Audit and Consulting Pty Ltd
Samir

Samir Tirodkar
Director

West Perth, Western Australia
27 February 2023

Dimerix Limited and controlled entity
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached consolidated financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes give a true and fair view of the consolidated entity's financial position at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act* 2001.

On behalf of the directors



Hugh Alsop
Non-Executive Chairman

27 February 2023
Melbourne, Victoria

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Dimerix Limited and controlled entity
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Revenue			
Interest		26,547	420
Other income	4	49,100	145,423
Expenses			
Research and development expenses		(8,587,501)	(5,241,129)
Corporate administration expenses		(1,060,880)	(1,266,903)
Share-based payment expenses		(36,285)	(104,711)
(Loss) before income tax expense		(9,609,019)	(6,466,900)
Income tax expense		-	-
(Loss) after income tax expense for the half-year attributable to the owners of Dimerix Limited		(9,609,019)	(6,466,900)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive (loss) for the half-year attributable to the owners of Dimerix Limited		(9,609,019)	(6,466,900)
		Cents	Cents
Basic and diluted earnings per share	5	(2.995)	(2.413)

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

Dimerix Limited and controlled entity
Consolidated statement of financial position
As at 31 December 2022

	Note	31 Dec 2022 \$	30 Jun 2022 \$
Assets			
Current assets			
Cash and cash equivalents		5,714,368	9,629,756
Trade, other receivables and prepayments	6	582,893	6,785,690
Right-of-use asset	7	47,215	72,973
Total current assets		6,344,476	16,488,419
Non-current assets			
Property, plant and equipment		8,693	8,607
Total non-current assets		8,693	8,607
Total assets		6,353,169	16,497,026
Liabilities			
Current liabilities			
Trade and other payables		1,306,187	1,862,688
Lease liabilities	7	47,789	52,117
Provisions		112,954	108,838
Total current liabilities		1,466,930	2,023,643
Non-current liabilities			
Lease liabilities	7	-	20,982
Provisions		36,333	29,761
Total non-current liabilities		36,333	50,743
Total liabilities		1,503,263	2,074,386
Net assets		4,849,906	14,422,640
Equity			
Issued capital	8	50,895,134	50,895,134
Reserves	9	1,861,937	1,825,652
Accumulated losses		(47,907,165)	(38,298,146)
Total equity		4,849,906	14,422,640

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

Dimerix Limited and controlled entity
Consolidated statement of changes in equity
For the half-year ended 31 December 2022

	Issued capital \$	Reserves \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2021	28,389,114	886,952	(27,807,567)	1,468,499
(Loss) after income tax expense for the half-year	-	-	(6,466,900)	(6,466,900)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive (loss) for the half-year	-	-	(6,466,900)	(6,466,900)
Issue of ordinary shares	24,554,874	-	-	24,554,874
Share issue costs	(2,048,854)	-	-	(2,048,854)
Recognition of share-based payments	-	913,559	-	913,559
Balance at 31 December 2021	50,895,134	1,800,511	(34,274,467)	18,421,178
	Issued capital \$	Reserves \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2022	50,895,134	1,825,652	(38,298,146)	14,422,640
(Loss) after income tax expense for the half-year	-	-	(9,609,019)	(9,609,019)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive (loss) for the half-year	-	-	(9,609,019)	(9,609,019)
Recognition of share-based payments	-	36,285	-	36,285
Balance at 31 December 2022	50,895,134	1,861,937	(47,907,165)	4,849,906

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

Dimerix Limited and controlled entity
Consolidated statement of cash flows
For the half-year ended 31 December 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Cash flows from operating activities			
Receipt of Research and Development tax refund		6,032,644	-
Other income		50,350	159,965
Payments to suppliers and employees		(10,017,750)	(6,904,735)
Interest received		26,547	420
		<u>(3,908,209)</u>	<u>(6,744,350)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(2,299)	(5,099)
		<u>(2,299)</u>	<u>(5,099)</u>
Cash flows from financing activities			
Proceeds from issue of shares	8	-	20,499,874
Proceeds from exercise of options		-	180,000
Payment for share issue costs		-	(1,240,006)
Payment of other finance costs		-	(741)
Repayment of borrowings and interest on borrowings		-	(1,700,000)
Repayment of lease liability		(26,520)	(23,250)
		<u>(26,520)</u>	<u>17,715,877</u>
Net cash (used in) financing activities		<u>(26,520)</u>	<u>17,715,877</u>
Net (decrease)/increase in cash and cash equivalents		(3,937,028)	10,966,428
Cash and cash equivalents at the beginning of the financial half-year		9,629,756	5,250,094
Effects of exchange rate changes on cash and cash equivalents		21,640	50,831
		<u>5,714,368</u>	<u>16,267,353</u>
Cash and cash equivalents at the end of the financial half-year		<u>5,714,368</u>	<u>16,267,353</u>

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

1. Significant accounting policies

These general purpose consolidated financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

These general purpose consolidated financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Going concern

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

For the half-year ended 31 December 2022 the Group incurred a loss after tax of \$9,609,019 (31 December 2021: \$6,466,900) and a net cash outflow from operations of \$3,908,209 (31 December 2021: \$6,744,350). At 31 December 2022, the Group had current assets of \$6,344,476 (30 June 2022: \$16,488,419), current liabilities of \$1,466,930 (30 June 2022: \$2,023,643) and current cash holding was \$5,714,368 (30 June 2022: \$9,629,756). Commitment expenditure is disclosed in note 12.

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 or obtain a loan facility and meet its expenditure commitments as required.

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

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. Critical accounting judgements, estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

3. Operating segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

AASB 8 "Operating Segments" states that similar operating segments can be aggregated to form one reportable segment.

From the period beginning 1 July 2022 the Board considers that the Group has only operated in one Segment.

4. Other income

	31 Dec 2022	31 Dec 2021
	\$	\$
Government incentives	49,100	145,423

5. Loss per share

	Cents	Cents
Basic and diluted loss per share	(2.995)	(2.413)

	31 Dec 2022	31 Dec 2021
	\$	\$
(Loss) after income tax attributable to the owners of Dimerix Limited	(9,609,019)	(6,466,900)

	31 Dec 2022	31 Dec 2021
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	320,873,666	268,037,891

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

6. Trade, other receivables and prepayments

	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current assets</i>		
Other receivables	368,325	6,385,126
Prepayments	214,568	400,564
	<u>582,893</u>	<u>6,785,690</u>

The other receivables at the 30 June 2022 reporting date included Research and Development tax incentive of \$6,032,644 which was received 25 October 2022. At the reporting date, none of the receivables are past due or impaired.

The prepayments at 31 December 2022 includes the amount of \$111,294 in relation to the public and investor relations services to be provided by S3 Consortium Pty Ltd ('S3') that was paid through the issuance of 1,875,000 shares (Note 8). The agreement is for a period of 24 months with effect from August 2021.

7. Right-of-use asset

7.1 Right-of-use assets

	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current assets</i>		
Land and buildings - on initial recognition	77,266	77,266
Less: Accumulated depreciation	(30,051)	(4,293)
Carrying value at end of period	<u>47,215</u>	<u>72,973</u>

7. Right-of-use asset (continued)

7.2 Lease liability

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current liability</i>		
Property Lease Liability	47,789	52,117
<i>Non-current liability</i>		
Property Lease Liability	-	20,982
	<u>47,789</u>	<u>73,099</u>
	31 Dec 2022 \$	31 Dec 2021 \$
Depreciation - right-of-use asset	25,758	23,358
Interest expense - lease liability	1,210	741
Lease payments during the period	26,520	23,250

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 for 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. In the prior period, the Group entered into a new lease agreement for a period of 18 months from 1 June 2022. The lease liability and ROU asset at initial recognition was \$77,266.

The right-of-use asset is being depreciated over the lease term on a straight-line basis. Depreciation expense of \$25,758 (31 December 2021: \$23,358) was included in corporate administration expense in the consolidated statement of profit or loss and other comprehensive income.

At initial recognition, the lease liability was measured as the present value of minimum lease payments using the Group's incremental borrowing rate of 4.16%. The incremental borrowing rate was based on the unsecured interest rate that would apply if finance was sought for an amount and time period equivalent to the lease requirements of the Group. Each lease payment is allocated between the liability and interest expense. The interest expense of \$1,210 (31 December 2021: \$741) was included in corporate administration expense in the consolidated statement of profit or loss and other comprehensive income.

8. Issued capital

	31 Dec 2022 \$	30 Jun 2022 \$
Ordinary shares - fully paid	<u>50,895,134</u>	<u>50,895,134</u>

8. Issued capital (continued)

	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	No.	No.	\$	\$
Balance at beginning of the reporting period	320,873,666	197,999,297	50,895,134	28,389,114
Issue of ordinary shares	-	102,499,369	-	20,499,874
Exercise of options	-	1,000,000	-	180,000
Capital raising costs	-	-	-	(2,048,854)
Shares issued for settlement of loan (a)	-	17,500,000	-	3,500,000
Shares issued in lieu of services (b)	-	1,875,000	-	375,000
Balance at end of period/year	320,873,666	320,873,666	50,895,134	50,895,134

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

(a) In 2021, the Group entered into an unsecured loan agreement with major shareholder, Mr Peter Meurs. Interest accrued at the compound rate of 1% per month. \$3,500,000 of shares issued to the major shareholder as part of the two-tranche placement and were used to repay a portion of the Group's loan with that shareholder. The remaining loan was re-paid in cash.

(b) In the prior year, 1,875,000 ordinary shares were issued to S3 Consortium Pty Ltd ('S3') for providing public and investor relations services. Under the services agreement, the Company agreed to pay S3 \$375,000 (excluding GST) for the provision of services over a term of 2 years ('Fees'). The Company agreed to pay the Fees via the issue of 1,875,000 Shares at a deemed issue price of \$0.20.

The total share-based payment recognised as a corporate administration expense for the period ended 31 December 2022 was \$95,395 (31 December 2021: \$72,917) and \$111,294 has been recognised as part of prepayments (see Note 6).

9. Reserves

Share-based payments reserve

	31 Dec 2022	30 Jun 2022
	\$	\$
Share-based payments reserve	1,861,937	1,825,652
	31 Dec 2022	30 Jun 2022
	\$	\$
Balance at beginning of year	1,825,652	886,952
Arising on share-based payments ¹	36,285	938,700
Balance at end of period/year	1,861,937	1,825,652

9. Reserves (continued)

¹The total share-based payment recognised as a cost of raising capital and deducted from equity for the period ended 31 December 2022 was \$nil (31 December 2021: \$808,848).

Options issued to Employees

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

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

During the period, 750,000 options were granted to key management personnel in accordance with the Company's ESOP with an exercise price of \$0.40 per share. The options expire 21 July 2026 and are subject to vesting conditions. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

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

Volatility	77%
Risk-free interest rate (%)	3.23%
Expected life of options (years)	4.00
Exercise price (\$)	0.400
Underlying security price at grant date	0.145
Expiry date	21 July 2026
Value per option	0.053

The deemed fair value of options granted to key management personnel at grant date is \$39,548. The share-based payment expense recognised as a corporate administration expense for the period ended 31 December 2022 for these options was \$10,738.

During the period, 750,000 options have expired.

Options issued in prior year

During the period, share-based payments expense recognised as a corporate administration expense from options issued to employees in the prior period/year amounted to \$25,547.

10. Dividends

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

11. Key management personnel disclosures

Remuneration arrangements of key management personnel are disclosed in the annual financial report at 30 June 2022. All other arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 30 June 2022 annual financial report.

Key management personnel continue to receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments.

12. Commitments and contingencies

There has been no change to the commitments and contingencies disclosed in the most recent annual financial report.

13. Events after the reporting period

On 17 February 2023, the Group announced a loan facility with Radium Capital providing the Group with immediate access to up to 80% of its estimated accrued Research and Development Tax Incentive (RDTI) rebate amounting to \$2,842,500 for the period 1 July 2022 - 31 December 2022. Interest is payable at the rate of 14.00% per annum and the facility matures on 30 September 2023.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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