



BioDiem Ltd | ABN 20 096 845 993



## Annual Report 30 June 2022



DEVELOPING COMMERCIAL OUTCOMES

## Who We Are

BioDiem is an Australian biopharmaceutical company that is focused on developing and commercialising vaccines and infectious disease therapies. BioDiem's business model is to generate income from partnerships including with other vaccine and infectious disease treatment companies through existing and new licences to its LAIV vaccine technology. Income comes from licence fees and royalties on sales.

BioDiem's lead technology is the LAIV (Live Attenuated Influenza Virus) vaccine technology used for production of seasonal and pandemic influenza vaccines and is given intranasally. This technology is commercialized through partners, in India and China, and is licenced to the World Health Organisation as part of the Global Pandemic Influenza Action Plan to Increase Vaccine Supply. Serum Institute of India's Nasovac-S™ is marketed in India. Changchun BCHO Biotechnology Co (BCHO)'s, Influenza Vaccine, Live, Nasal, Freeze-dried, is marketed in China. BioDiem's subsidiary, Opal Biosciences Ltd is exploring diversification into pharmaceutical development and manufacture.

Research Institution



**In-license**

**BioDiem**



**Out-license**

Global Pharma

**An Australian  
biopharmaceutical  
company that  
is focused on  
developing and  
commercialising  
vaccines and  
infectious disease  
therapies**

## Table of Contents

|                      | Page |
|----------------------|------|
| Chairman's letter    | 5    |
| CEO's letter         | 6    |
| Review of operations | 8    |
| Financial Report     | 10   |
| Corporate directory  | 42   |

“The COVID-19 pandemic and associated disruptions over the past two year have strained health systems, with **25 million children missing out on vaccination** in 2021, 6 million more than in 2019 and the highest number since 2009

World Health Organisation

Reference: [who.int/health-topics/vaccines-and-immunization](https://www.who.int/health-topics/vaccines-and-immunization)



## BioDiem Pipeline

| Products  | Research | Preclinical | Phase I | Phase II | Phase III | Marketed |
|---|----------|-------------|---------|----------|-----------|----------|
| <b>Influenza</b><br>Seasonal (Serum Institute of India)               |          |             |         |          |           | ★        |
| <b>Influenza</b><br>Seasonal (Changchun BCHO Biotechnology Co, China) |          |             |         |          |           | ★        |



Public health measures taken to reduce transmission of COVID-19, also reduced influenza activity. Now that these measures have been removed, both viruses may transmit more easily. The co-circulation of influenza a SARS-CoV-2 viruses raises the possibility of a **more severe winter respiratory virus season.**

World Health Organisation

[who.int/news/item/14-10-2022-influenza-in-the-northern-hemisphere-is-back](https://www.who.int/news/item/14-10-2022-influenza-in-the-northern-hemisphere-is-back)



# Chairman's letter

## Fellow Shareholders,

I am very pleased to be providing my first report to shareholders as chairman of the Company.

The past year has seen changes at the BioDiem board. I joined a board in February this year as a non-executive director and then assumed the chair role in May this year when Mr Hugh Morgan AC retired from the board. On behalf of the company I extend sincere thanks to Hugh for his guidance of the company as chairman since 2005 and for his support as a major shareholder.

Over the past year we have continued to see the impact of the COVID-19 pandemic which has disrupted supply chains and also distribution channels around the world. This has had some impact on our company as has the Russian - Ukraine war.

As an example, China has faced lockdowns due to their zero tolerance strategy for COVID-19. This together with the impact of COVID-19 vaccinations on the distribution of 'flu vaccines in China lowered the potential for sales growth in China during the year.

This past financial year we saw revenue of \$403,184 from milestone payments and royalties from our LAIV licences and consulting fee income. LAIV royalties from India continue to be poor with Serum Institute of India having remained focused on manufacture of COVID vaccines during the financial year to meet the local and international demand.

In September 2021 BioDiem participated in a share placement to its majority-owned subsidiary, Opal Biosciences. Recently BioDiem exercised the options attaching to the shares from that placement in Opal which were exercisable by 20 September and also agreed to take up some of the shortfall of any unexercised options. Both the BioDiem and Opal boards manage their cash flows tightly and we share costs, with Opal paying a management fee to BioDiem each month.

The BioDiem board is supportive of Opal's new strategic redirection towards pharmaceutical manufacturing in Australia and sees the opportunity to meet the market need for manufacture of small batch sterile injectables for use in clinical trials. The continued partnership with Formulytica Pty Ltd and Opal's new partnerships with the University of Western Australia and its researchers in mRNA vaccine and lung cancer vaccine research has created an exciting and valuable project in vaccine development and small scale sterile injectable manufacture. Opal's project proposal is the subject of two Commonwealth grant applications and also a Western Australian state-based grant application that have all been submitted for assessment. The result of these should be known within the coming 4 to 6 months.

I look forward to reporting to you events as they unfold over the coming year and give my thanks to the members of the board and our staff and service providers.

Yours faithfully,



**Damien Hannes**  
Chairman

## CEO's letter

### Fellow Shareholders,

It has been another busy year with ongoing impacts from the COVID-19 pandemic and also from the Russia-Ukraine war. Both of these have affected supply chains, increased some costs and introduced certain difficulties for us in dealing internationally. Although all our operations are in the medical technology field (specifically through our technology licence from St Petersburg, Russia for influenza vaccine development) the international sanctions have required us to be highly diligent in all our transactions and this has incurred legal costs, some uncertainty on timelines and some delays.

COVID-19 has in general in the past year lowered influenza cases globally and diverted attention away from influenza vaccination towards COVID-19 vaccination. This necessary priority has also diverted some resources from influenza vaccination to COVID-19 vaccination. In some countries the fear of a "twindemic" has encouraged influenza vaccination uptake especially where winter was approaching and there was concern about the overburdening of healthcare systems.

In late 2021 Serum Institute of India received Indian government regulatory approval of a new LAIV vaccine product, a liquid quadrivalent intranasal influenza vaccine. This is expected to have better market acceptability than the existing trivalent freeze-dried product which requires reconstitution by the healthcare provider.

Over the year Opal was highly energetic in efforts to gain a tenancy on the GSK pharmaceutical manufacturing plant site at Boronia, Victoria which is to close in 2023. Our plan was to undertake large scale sterile vaccine and injectables manufacture and retain the manufacturing equipment and some of the existing site staff from GSK's exit. We believed the need for such an Australian manufacturing capability was clearly evident and promoted the case for federal and state government support. While this protracted exercise was without success, the process of doing so was valuable and has led to our current proposal to establish a new small scale sterile injectables manufacturing facility in Perth, Western Australia. The facility would perform contract formulation development and manufacture of sterile injectables and vaccines that could be used in precision/ personalised medicine and also for early stage clinical studies. Australia is an attractive destination for early stage and phase 1 clinical studies however often companies are required to have materials made overseas for these trials. Opal is aiming to address this gap in capability in Australia especially for small-scale batches.

The year has seen significant Board changes. I have been very fortunate to serve as CEO for more than a decade with Mr Hugh Morgan AC as chairman and thank him for his direction and wise counsel. I also extend my thanks to the BioDiem board, to Prof Rudenko and her St Petersburg team of scientists, our service providers and shareholders for their ongoing support. My thanks also go to those many companies and individuals who supported our intense efforts to develop a life sciences precinct at Boronia in Victoria.

Yours faithfully,



**Julie Phillips**  
CEO



“

**In India, influenza virus circulation usually peaks during monsoon season**

(June-September) with secondary peaks during winter (November-February). However, the actual timing of the influenza season varies across the country due to different climatic regions. GOI currently recommends annual influenza vaccination for high-risk groups, including healthcare workers, pregnant women, and people with chronic health conditions. Influenza vaccine is not currently available as part of routine public health services offered by the government

Reference: [cdc.gov/globalhealth/countries/india/anniversary-report/program-area-influenza](https://www.cdc.gov/globalhealth/countries/india/anniversary-report/program-area-influenza)

”



# Review of operations

BioDiem owns

- **an influenza vaccine licensing business:**
  - this is based on BioDiem's proprietary live attenuated influenza virus (LAIV) technology.
- **a majority shareholding in Opal Biosciences Ltd:**
  - a establish a new manufacturing capability based in Australia for vaccines and other sterile injectables at small and individual patient scale and for clinical trial use.

## Influenza Vaccine Licensing Business

BioDiem's LAIV Vaccine business involves licensing our platform influenza vaccine technology to vaccine manufacturers for the production of intranasal vaccines for the prevention of seasonal and pandemic influenza. BioDiem receives payment from licence fees and royalties on sales.

Our LAIV vaccine technology is also licensed to the World Health Organization (WHO) as part of the Global Pandemic Influenza Action Plan to Increase Vaccine Supply.

BioDiem currently has two commercial partners: Serum Institute of India Pvt Ltd (SII) (Pune, India), and Changchun BCMT Biotechnology Co (BCMT) (Jilin, China).

### During the 2021-2022 year:

- Royalty and milestone income from LAIV licence fees and sales and consulting fees totalled \$403,184.
- BCMT extended their licence to include the private sector market in the territories of Malaysia and Qatar to add to the territory of China for pandemic and seasonal influenza vaccines made using an egg-based production method.
- Nasovac-S is a seasonal influenza vaccine manufactured by Serum Institute of India based on BioDiem's LAIV (live attenuated influenza virus) vaccine technology. BioDiem receives royalties from sales of this product into the private market in India, Guatemala, United Arab Emirates, Mongolia, Jordan, Tunisia and Oman. SII's significant efforts in manufacture of COVID-19 vaccines for the domestic and international market continued. Sales of Nasovac-S continued to be weak in India.
- SII received regulatory approval in India for a new quadrivalent liquid intranasal LAIV vaccine. The product is yet to be launched in India.

## BioDiem's subsidiary: Opal Biosciences Ltd ("Opal")

In 2021 Opal announced that its strategic focus was re-directed to growing Australia's vaccine and pharmaceutical manufacturing capability. Australia's lack of this capability onshore and risks from reliance on imported medicines, including vaccines, became evident during the COVID-19 pandemic.

With GSK announcing its exit from its pharmaceutical plant in Boronia, Victoria, scheduled to occur in 2023, Opal saw this as an enormous opportunity to implement its strategy at scale. Together with a team of industry experts Opal promoted retention of the Boronia site and its re-birth as a life sciences precinct: this was at securing a place for Opal's proposed manufacturing business. With funds raised from a share placement of \$250,000 in September 2021 Opal assembled other like-minded companies and set about trying to achieve this.

### Focus on the GSK manufacturing plant, Boronia, Victoria

Given the scale and importance of the initiative, particularly in the context of the COVID-19 pandemic, Opal proposed to manufacture and supply pharmaceuticals, Injectables and vaccines at scale, and directed advocacy efforts at both the state and federal governments for their involvement. Many others in the life sciences sector saw the value of a precinct focused on pharmaceutical manufacturing. So that Opal could build a sustainable business, it engaged with local and international companies wanting Australian-based manufacturing and who could see the value of access to the significant assets on the site as well as the syndicate of experienced formulation and manufacturing personnel Opal had assembled. A financial model for the business was prepared which was used as a basis for grant applications with the model assuming Opal would be a tenant on the GSK site. In the process, Opal achieved the support of numerous stakeholder groups including many universities, government agencies, biotech and pharma companies, industry peak bodies, service providers and others. Letters of support from this diverse and impressive range of industry and academic groups accompanied applications to the Commonwealth for the following grant programs:

- **Modern Manufacturing Initiative** – Manufacturing Translation Stream – Medical Products priority Round 1 (submitted 29 March 2021)
- **"Approach to Market":** proposal to establish an onshore mRNA manufacturing capability (submitted 16 July 2021)
- **Modern Manufacturing Initiative** – Manufacturing Integration Stream – Medical Products priority Round 2 (submitted 14 January 2022)

An application was also submitted to the Victorian State government mRNA Victoria Activation Program in January 2022.



Opal's efforts over many months during 2021 through to the end of March 2022 was intense. However starting in January 2022 important pieces of manufacturing equipment on the GSK site were being sold on an international public auction site. This meant the potential value of Opal's proposal to acquire these to use for Opal's manufacturing plan reduced as time passed and more equipment was sold.

All the submitted grants relied on Opal's access to the GSK Boronia site, and the potential for Opal's access to the site and success of its business model was influenced by whether any of these grants were successful and that government funding support would be available.

Opal was advised in July 2021, December 2021 and 25 August 2022, respectively, that the Commonwealth grants listed above were unsuccessful and in August 2022 that the Victorian one was also unsuccessful.

#### **Focus on small scale sterile pharmaceutical manufacturing**

By February 2022, in the absence of a firm funding commitment from government for the Boronia precinct, Opal developed a fallback plan for smaller scale manufacturing and looked at sites for locating a new facility elsewhere in Victoria or in Western Australia (WA). The prospects in WA were strongly encouraging and there is a growing need there for the manufacture of clinical trial materials.

The WA government has shown interest in Opal's plan and the market need assessment for such a service for contract manufacturing has been undertaken.

In July 2022 Opal submitted an application to the Commonwealth's Medical Research Future Fund mRNA Clinical Trial Enabling Infrastructure grant for an exciting project partnering with Formulytica Pty Ltd, the WA State government and the University of Western Australia. This is for a \$15m+ project to fast-track development of critical sovereign capability in mRNA vaccine manufacturing and develop and manufacture "clinical trial ready" vaccines. The project focuses on lung cancer as the lead target. The prognosis is poor for lung cancer patients and there is an urgent need for new treatment options.

The project's vaccine design will be based on successful preclinical and neo-antigen cancer vaccine studies built on decades of research from Professor Bruce Robinson's team at the University of Western Australia (UWA). The mRNA expertise of Associate Professor Archa Fox's team will be closely involved in the mRNA vaccine candidate design. Opal's syndicate will formulate the vaccine candidates to optimise stability, safety and efficacy using an iterative process with preclinical testing at UWA. Successful candidates will undergo development and cGMP-compliant manufacture for first-in-man studies. This new sovereign capability would provide infrastructure and workforce capability and would form a clinical resource for other new mRNA vaccine development for other cancers and diseases.

In September 2022 Opal submitted an application to the Commonwealth's Medical Research Future Fund National Critical Research Infrastructure grant also for similar project partnering with Formulytica Pty Ltd, the WA State government and the University of Western Australia. The emphasis in this application was on the manufacture of sterile injectable clinical trial materials, focussing on small batch manufacturing for early stage clinical studies.

In October 2022 Opal submitted an application to the Western Australian Investment Attraction fund. This application is complementary to the Commonwealth grant applications and is targeted to support the funding of the small-scale pharmaceutical manufacturing facility to formulate and manufacture clinical trial materials for human studies and which will be located in Perth.

The outcome of these grants is expected within the next 4 to 6 months.

# Financial Report

|   |    |
|---|----|
| Directors' Report   | 11 |
| Auditor's independence declaration                                | 17 |
| Statement of profit or loss<br>and other comprehensive income     | 18 |
| Statement of financial position                                   | 19 |
| Statement of changes in equity                                    | 20 |
| Statement of cash flows   | 21 |
| Notes to the financial statements                                 | 22 |
| Directors' declaration  | 23 |
| Independent auditor's report<br>to the members of BioDiem Limited | 40 |
| Corporate directory   | 42 |

# Directors' report

30 June 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of BioDiem Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

## Directors

The following persons were directors of BioDiem Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Mr Damien Hannes (Chairman - appointed on 29 March 2022, Non-executive Director - appointed on 1 March 2022)
- Prof Larisa Rudenko
- Ms Julie Phillips
- Mr Fergus Mak Po Kan (appointed 9 September 2021)
- Mr Hugh M Morgan AC (resigned as Chairman on 29 March 2022, resigned as Non-Executive Director on 3 May 2022)
- Prof Arthur Kwok Cheung Li (resigned 6 September 2021)

## Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- The development and commercialisation of pharmaceutical and biomedical research.
- Exploration of commercial opportunities within the biotechnology and pharmaceutical industry.

## Dividends

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

## Review of operations

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$196,718 (30 June 2021: \$79,250).

Revenue and other income mainly attributable to royalty and milestone revenues of \$324,387 (2021: \$610,253); consulting fee of \$78,797 (2021: nil) received; and write off of accrued directors fee of Opal of \$54,794 (2021: nil) during the year ended 30 June 2022. Research and development costs were \$31,300 (2021: \$49,346). Administration expenses were \$657,099 (2021: \$693,893).

The consolidated entity's operating cashflows increased by \$110,857. Cash inflows from its subsidiary Opal Biosciences Limited ("Opal") from a placement were \$210,137, which was offset by the repayment of premium financing of \$107,570. Cash reserves at the end of the financial year total \$403,934.

## Risks and uncertainties

The Company is subject to risks that are specific to the Company and the Company's business activities, as well as general risks. The following list gives examples of risk areas:

### *Future funding risks*

While the Company has a cash and cash equivalents balance of \$403,934, and net assets of \$230,986 and is able to continue on a going concern basis, there is risk that the Company may require additional financing in the future to sufficiently fund its activities and longer-term objectives.

The Group has some ability to control its expenditure to retain appropriate cash balances. Management remains diligent in monitoring its cash balances and expenditure. Should the Company be required to raise funds, its ability will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally. If for any reason the Company was unable to raise funds, its ability to achieve its milestones or continue future research, development and commercialisation activities may be affected. The Company's income is also reliant on Milestone and Royalty Income.

The Directors regularly review the Company's finances to ensure its ability to meet its financial obligations.

### *Dependence on service providers and third-party collaborators*

There is no guarantee that the Company will be able to find suitable service providers and/or collaborators to complete its research, development and commercialisation activities. The Company may therefore be exposed to the risk that any of these parties could experience problems related to operations, financial strength or other issues. Non-performance, suspension or termination of relevant agreements could negatively impact the progress or success of the Company's research, development and commercialisation efforts, financial condition and results of operations.

### *Reliance on key personnel*

The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel or the reduced ability to recruit additional personnel could have an adverse effect on the performance of the Company.

The Company maintains a mixture of permanent staff and consultants to support the operations of the Company.



#### *Inability to protect intellectual property*

The Company's ability to leverage its innovation and expertise is dependent on its ability to protect its intellectual property and know-how. A failure or inability to protect the Company's intellectual property rights could have an adverse impact on operating and financial performance.

#### *IT system failure and cyber security risks*

Any information technology system is potentially vulnerable to interruption and/or damage from a number of sources, including but not limited to computer viruses, cyber security attacks and other security breaches, power, systems, internet and data network failures, and natural disasters. The Company is committed to preventing and reducing cyber security risks through outsourced IT management to a reputable services provider.

#### *Impact of COVID-19*

The global impact of the COVID-19 pandemic, and the advice and responses from health and regulatory authorities, evolves continuously. The global economic outlook is facing uncertainty due to the COVID-19 pandemic which has had and may continue to have a significant impact on capital markets and share prices.

To date, COVID-19 has affected equity markets, governmental action, regulatory policy, quarantining, self-isolations and travel restrictions. These impacts are creating risks for the Company's business and operations in the short to medium term. Shipping and supply (domestic and international) delays may impact the Company. Among other factors, staff reduction in some international supplier businesses may also extend typical processing and shipping times.

The Company has in place business continuity plans and procedures to help manage the key risks that may cause a disruption to the Company's business and operations, but their adequacy cannot be predicted. The Company's Directors are closely monitoring the situation and considering the impact on the Company's business from both a financial and operational perspective.

#### *Ukraine-Russia conflict*

The Company holds a licence to a Russian influenza (LAIV) vaccine technology and makes payments to Russian-based individuals and entities from royalties and milestone payments from commercialisation of the LAIV technology. As a consequence of the Ukraine-Russia conflict international sanctions have been introduced which designate certain activities as prohibited which involve certain Russian individuals and entities. The sanctions are updated and amended from time to time and have severe penalties if breached. While the Company's activities do not fall under any sanctioned

activities, the Company monitors the sanctions and their updates and assesses potential current and future impacts on the Company. It is unknown how long the sanctions will be in place. The Company continues to liaise with the World Health Organisation and the relevant Australian federal government agency (Department of Foreign Affairs and Trade) to disclose the Company's involvement with Russian individuals and entities and has sought and obtained relevant compliance certifications and "No prohibition" letters to provide to suppliers.

### **Significant changes in the state of affairs**

On 14 July 2021, BioDiem's subsidiary, Opal Biosciences Ltd ("Opal") announced that in light of progress towards leading the development of a Life Sciences and Biotechnology Development and Manufacturing Precinct to be based in Boronia, Victoria, Opal reviewed its funding requirements and withdrew its capital raising. All applicant monies were returned in full to applicants.

On 20 September 2021, Opal made a Placement of 3,333,332 ordinary shares at an issue price of \$0.075 (7.5 cents) per share, raising a total of \$250,000. One free attaching option was issued for every one new share. The free attaching options were exercisable at \$0.075 (7.5 cents) each, expiring 20 September 2022. The proceeds from the Placement were used to pursue potential pharmaceutical manufacturing opportunities, including due diligence, feasibility studies and exploring potential grant opportunities, and for general working capital purposes.

In June 2022 Opal announced it was considering a plan to establish a small scale pharmaceutical manufacturing facility and had looked at potential sites for the facility in Victoria but also in Western Australia.

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

# Directors' report

30 June 2022

## Matters subsequent to the end of the financial year

On 30 September 2022 Opal announced it had received a total of \$157,431 in proceeds relating to the exercise of 1,964,079 options in Opal, exercisable at \$0.075 (7.5 cents) each, expiring 20 September 2022. A total of \$162,431 was raised from the exercise of \$0.075 options issued from the placement of shares in September 2021. \$87,569 was raised from a placement of shares completed to take up the shortfall of which \$78,544 was contributed by the Company on 15 November 2022.

## Likely developments and expected results of operations

The Company will continue to implement its existing strategy by focusing on the development and commercialisation of its technologies and exploration of commercial opportunities in an economically efficient manner.

## Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

## Information on directors

| Name, title, qualifications  | Experience and expertise  |
|--|---|
| <b>Damien Hannes</b><br><b>Chairman</b><br><b>Non-Executive Director</b> | <p>Mr. Hannes has over 25 years of finance, operations, sales and management experience. He has most recently served over 15 years as a managing director and a member of the operating committee, among other senior management positions, for Credit Suisse's listed derivatives business in equities, commodities and fixed income in its Asia and Pacific region. From 1986 to 1993, Mr. Hannes was a director for Fay Richwhite Australia, a New Zealand merchant bank. Prior to his tenure with Fay Richwhite, Mr. Hannes was the director of operations and chief financial officer of Donaldson, Lufkin and Jenrette Futures Ltd, a US investment bank. He has successfully raised capital and developed and managed mining, commodities trading and manufacturing businesses in the global market. He holds a Bachelor of Business degree from the NSW University of Technology and subsequently completed the Institute of Chartered Accounts Professional Year before being seconded into the commercial sector.</p> <p>From 2009 to 2019 Mr Hannes was a non-executive director of Sundance Energy Australia Ltd (ASX) and Sundance Energy Inc (NASDAQ) after a re-domicile to the US. Damien was Chairman of the remuneration committee and a member of the audit committee in his time on the board at Sundance Energy. Damien has held various other Directorships in other private businesses in a capacity as Chairman and as a non executive Director. Damien is a non-executive director of Opal Biosciences Ltd.</p> <p><a href="#">Special responsibilities</a><br/>None</p> |

## Julie Phillips

BPharm, DHP, MSc, MBA.

### Chief Executive Officer and Executive Director

Ms Julie Phillips has a strong background in the biotech and pharmaceutical industry, having worked as the CEO and Director of start-up Australian biotechnology companies operating in the life sciences sector. She is Managing Director of BioDiem's subsidiary, Opal Biosciences Ltd; Chairman of the Commonwealth government's Industry Innovation and Science Australia's R&D Incentive Committee; until Feb 2020 was Chairman of AusBiotech Ltd, the peak biotechnology industry association in Australia; and is currently a Director of the Medtech and Pharma Growth Centre, MTP Connect. Julie is also a member of the University of Newcastle's Council.

[Special responsibilities](#)  
None

# Directors' report

30 June 2022

## Information on directors

Name, title, qualifications

Experience and expertise

### Larisa Rudenko

MD, PhD, DSc.

Professor Larisa Rudenko is Head of the Virology Department in the Institute of Experimental Medicine, St. Petersburg, Russia.

#### Director of Russian Projects, Non-Executive Director

Professor L. Rudenko is a well-known expert in the field of developing the live influenza vaccines. Under her leadership, a new generation of live attenuated influenza vaccine (LAIV) has been developed, and the world's first LAIV was licensed in Russia in 1987 for human use. Over 40 years her research is focused on development of safe and immunogenic LAIVs and its continuous improvement using the most advanced molecular biology and gene-engineering approaches. The results of these developments are protected by 65 patents and copyright certificates and introduced in public health practice and in more than 350 scientific papers.

Under the leadership of Prof. L. Rudenko, a number LAIV candidates against mostly dangerous potentially pandemic H5N1, H2N2, H6N1, H7N3, H7N9, H9N2 influenza viruses have been generated and evaluated in pre-clinical and phase I clinical trials, and all these candidates were deposited in the National Collection of pandemic influenza vaccines. In addition, these pandemic LAIV candidates were deposited in the World Health Organization (WHO) repository and can be easily claimed by the production facilities located in developing countries in case the pandemic is declared.

Prof. L. Rudenko has been a supervisor of 20 PhD students and three applicants for degree of Doctor of Sciences. She developed three new working program of academic disciplines for students and graduate students of the Faculty of Dentistry and Medical Technology at St. Petersburg State University. She coordinated a number of courses for specialists of biotechnology companies from India (Serum Institute of India), Thailand (Governmental Pharmaceutical Organization) and China (BCHT, Changchun) on the development, production and licensing of Russian live attenuated influenza vaccine

#### Her contribution to medical science was recognized with several awards:

- The Order of Friendship for employment gains, significant contribution to social-economic development of Russian Federation, long-term honest work and public activities. The decree of the President of Russian Federation on awarding Government awards of the Russian Federation March 5, 2014 r. No 112.
- Honored Doctor of Research Institute of Experimental Medicine N.-W. Division of Russian Academy of Medical Sciences. (2012)
- Diploma of the Federal Service for Intellectual Property in the "100 best inventions of Russia" for the development of "The vaccine strain of influenza virus A/17/California/2009/38 (H1N1) for the production of live influenza intranasal vaccine for adults and children (patent of the Russian Federation No 2413765), 2010
- Award of Prince A.P. Oldenburgskiy (2009)
- Emeritus Scientist of Russian Federation. (2000)
- Professor L. Rudenko is currently leading the programs: Designing live influenza universal vaccine based on new gene-engineering and immunogenetics approaches.

#### Special responsibilities

None

### Mr Fergus Mak Po Kan

BSc, MSc

Mr Fergus Mak Po Kan has been with The Bank of East Asia Limited for over 30 years, and has served across a number of functional areas including business development, trust, legal, mergers and acquisitions, and capital management.

#### Non-Executive Director

#### Special responsibilities

None



# Directors' report

30 June 2022

| Name, title, qualifications   | Experience and expertise   |
|---|--|
| <p><b>Hugh M Morgan AC</b><br/>LLB, BCom.</p> <p><i>(resigned as Chairman on 29 March 2022, resigned as Non-Executive Director on 3 May 2022)</i></p> <p><b>Chairman</b><br/><b>Non-Executive Director</b></p>  | <p>Hugh Morgan is Principal of First Charnock Pty Ltd. Hugh was appointed Chief Executive Officer of Western Mining Corporation (1990-2003) and prior to that served as an Executive Officer (1976-1986) and then Managing Director (from June 1986). Hugh has served as a Director of Alcoa of Australia Limited (1977-1998 and 2002-2003); Director of Alcoa Inc. (1998-2001); Member of the Board of the Reserve Bank of Australia (1981-1984 and 1996-2007); President of the Australian Japan Business Co-Operation Committee (1999-2006); Joint Chair of the Commonwealth Business Council (2003-2005) and now Emeritus Director; President of the Business Council of Australia (2003-2005) and now an Honorary Member; Member of the Anglo American plc Australian Advisory Board (2006-2014). Hugh was a Member of the Lafarge International Advisory Board; is Chairman of the Order of Australia Association Foundation Limited; Trustee Emeritus of The Asia Society New York; Chairman Emeritus of the Asia Society AustralAsia Centre; Member of the Asia Society Australia Advisory Council; President of the National Gallery of Victoria Foundation. Hugh is a graduate in Law and Commerce from the University of Melbourne.</p> <p><b>Special responsibilities</b><br/>None</p>   |
| <p><b>Arthur Kwok Cheung Li</b><br/>BA, MA, MB BChir, MD, HonDSc (Hull), HonDLitt (HKUST), HonDoc (Soka), HonLLD (CUHK), HonDSc(Med) (UCL), HonLLD (UWE), FRCS, FRCSEd, FRACS, FCSHK, FHKAM (Surgery), HonFPCS, HonFRCGlas, HonFRSM, HonFRCS(I), HonFACS, HnFRCP(Lon), HonFCSHK, HonFAS</p> <p><i>(resigned on 9 September 2021)</i></p> <p><b>Non-Executive Director</b></p> | <p>Professor Arthur Li was appointed a Director of the Company for the first time on 27 May 2010. He then resigned as a Director on 13 December 2014, and was recently re-appointed as a Director on 20 January 2016. Professor Li was awarded the degree of Doctor of Medicine by University of Cambridge, UK. He is a well-credentialed and respected educator and surgeon who is currently Deputy Chairman of The Bank of East Asia; an Independent Non-Executive Director of Shangri-La Asia Ltd. He is Council Chairman of The University of Hong Kong. He is a member of the Executive Council of the Hong Kong Special Administrative Region and also Chairman of the Council for Sustainable Development of the Government of the Hong Kong special Administrative Region. He was also a Director of AFFIN Holdings Berhad. Among his many previous appointments and associations, he has been a Council Fellow of the University of Melbourne, Dean of the Faculty of Medicine and Vice-Chancellor of The Chinese University of Hong Kong. Professor Li was the Secretary for Education and Manpower of the Government of HKSAR. He was also a member of the Board of Glaxo Wellcome plc. He is a member of the National Committee of the Chinese People's Political Consultative Conference. He was appointed as Council Member of the Executive Council of HKSAR on 1 July 2017, and was awarded the Grand Bauhinia Medal by the Chief Executive of HKSAR Government on 30 June 2017.</p> |
| <p><b>Melanie Leydin</b><br/>BBus (Acc. Corp Law) CA FGIA</p> <p><b>Company Secretary</b></p>   | <p>Melanie Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of Leydin Freyer, now Vistra Australia. The practice provides outsourced company secretarial and accounting services to public and private companies across a host of industries including but not limited to the Resources, technology, bioscience, biotechnology and health sectors.</p> <p>Melanie has over 25 years' experience in the accounting profession and over 15 years' experience holding Board positions including Company Secretary of ASX listed entities. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations.</p>  |

# Directors' report

30 June 2022

## Meetings of directors

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

Hugh M Morgan \*

Julie Phillips

Larisa Rudenko

Arthur Kwok Cheung Li \*\*

Damien Hannes \*\*\*

Mr Fergus Mak Po Kan \*\*\*\*

| Attended | Held |
|----------|------|
| 6        | 6    |
| 7        | 7    |
| 7        | 7    |
| 1        | 1    |
| 3        | 3    |
| 4        | 6    |

\* Hugh Morgan AC resigned as the Chairman and Non-Executive Director on 29 March 2022 and 3 May 2022 respectively.

\*\* Arthur Kwok Cheung Li resigned as Non-Executive Director on 2 September 2021.

\*\*\* Damien Hannes was appointed as Non-Executive Director and Chairman on 1 March 2022 and 29 March 2022 respectively.

\*\*\*\* Fergus Mak Po Kan was appointed as the Non-Executive Director on 9 September 2021.

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

## Shares under option

Unissued ordinary shares of BioDiem Limited under option at the date of this report are as follows:

| Grant date     | Expiry date       | Exercise price | Number under option |
|----------------|-------------------|----------------|---------------------|
| 8 October 2013 | 30 September 2023 | \$0.080        | 666,667             |
| 8 October 2013 | 30 September 2023 | \$0.120        | 666,667             |
| 8 October 2013 | 30 September 2023 | \$0.200        | 666,666             |
|                |                   |                | <u>2,000,000</u>    |

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

## Shares issued on the exercise of options

Opal Bioscience Limited which is a subsidiary of BioDiem Limited issued the following ordinary shares up to the date of this report on the exercise of options granted:

| Date options granted | Exercise price | Number of shares issued |
|----------------------|----------------|-------------------------|
| 20 September 2021    | \$0.075        | 1,964,079               |

## Indemnity of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

## Indemnity of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

## Proceedings on behalf of the Company

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

## 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

## Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001. This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



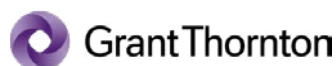
**Damien Hannes**

Chairman

24 November 2022 | Melbourne

# Auditor's independence declaration

30 June 2022



**Grant Thornton Audit Pty Ltd**  
Level 22 Tower 5  
Collins Square  
727 Collins Street  
Melbourne VIC 3008  
GPO Box 4736  
Melbourne VIC 3001  
T +61 3 8320 2222

## Auditor's Independence Declaration

### To the Directors of BioDiem Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of BioDiem Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A stylized signature of "Grant Thornton" in a cursive script.

Grant Thornton Audit Pty Ltd  
Chartered Accountants

A stylized signature of "T S Jackman" in a cursive script.

T S Jackman  
Partner – Audit & Assurance  
Melbourne, 24 November 2022

[www.grantthornton.com.au](http://www.grantthornton.com.au)  
ACN-130 913 594

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## Statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

|   | Note | Consolidated |           |
|---|------|--------------|-----------|
|   |      | 2022         | 2021      |
|   |      | \$           | \$        |
| <b>Revenue</b>  | 4    | 403,184      | 610,253   |
| Other income  | 5    | 76,039       | 44,567    |
| <b>Expenses</b>   |      |              |           |
| Licence fees and royalty expenses                         |      | (63,669)     | (111,581) |
| Research and development expenses                         |      | (31,300)     | (49,346)  |
| Administration expenses                                   |      | (657,099)    | (693,893) |
| Directors fee   |      | (10,750)     | (54,794)  |
| <b>Loss before income tax expense</b>                     | 6    | (283,595)    | (254,794) |
| Income tax expense  | 7    | -            | -         |
| <b>Loss after income tax expense for the year</b>         |      | (283,595)    | (254,794) |
| Other comprehensive income for the year, net of tax       |      | -            | -         |
| <b>Total comprehensive income for the year</b>            |      | (283,595)    | (254,794) |
| Loss for the year is attributable to:                     |      |              |           |
| Non-controlling interest                                  |      | (86,877)     | (175,544) |
| Owners of BioDiem Limited                                 |      | (196,718)    | (79,250)  |
|   |      | (283,595)    | (254,794) |
| Total comprehensive loss for the year is attributable to: |      |              |           |
| Non-controlling interest                                  |      | (86,877)     | (175,544) |
| Owners of BioDiem Limited                                 |      | (196,718)    | (79,250)  |
|   |      | (283,595)    | (254,794) |

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

# Statement of financial position

30 June 2022

|  | Note | Consolidated<br>2022 | 2021         |
|--|------|----------------------|--------------|
|  |      | \$                   | \$           |
| <b>Assets</b>  |      |                      |              |
| <b>Current assets</b>  |      |                      |              |
| Cash and cash equivalents  | 8    | 403,934              | 280,356      |
| Trade and other receivables  | 9    | 20,968               | 346,444      |
| Other assets   | 10   | 113,667              | 268,606      |
| Total current assets   |      | 538,569              | 895,406      |
| <b>Total assets</b>  |      | 538,569              | 895,406      |
| <b>Liabilities</b>   |      |                      |              |
| <b>Current liabilities</b>   |      |                      |              |
| Trade and other payables   | 11   | 129,600              | 219,149      |
| Borrowings   | 12   | -                    | 107,571      |
| Employee benefits  | 13   | 161,483              | 146,662      |
| Other  | 14   | 16,500               | 147,580      |
| Total current liabilities  |      | 307,583              | 620,962      |
| <b>Total liabilities</b>   |      | 307,583              | 620,962      |
| <b>Net assets</b>  |      | 230,986              | 274,444      |
| <b>Equity</b>  |      |                      |              |
| Issued capital   | 15   | 32,168,532           | 32,168,532   |
| Reserves   | 16   | 46,757               | 46,757       |
| Accumulated losses   |      | (33,046,464)         | (32,849,746) |
| Deficiency in equity attributable to the owners of BioDiem Limited |      | (831,175)            | (634,457)    |
| Non-controlling interest   | 17   | 1,062,161            | 908,901      |
| <b>Total equity</b>  |      | 230,986              | 274,444      |

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

# Statement of changes in equity

30 June 2022

|  | Issued<br>Capital | Reserves | Accumulated<br>Losses | Non-<br>controlling<br>interest | Total<br>equity |
|--|-------------------|----------|-----------------------|---------------------------------|-----------------|
| Consolidated   | \$                | \$       | \$                    | \$                              | \$              |
| Balance at 1 July 2020                                       | 32,168,532        | 46,757   | (32,770,496)          | 1,083,445                       | 528,238         |
| Loss after income tax expense for the year                   | -                 | -        | (79,250)              | (175,544)                       | (254,794)       |
| Other comprehensive income for the year, net of tax          | -                 | -        | -                     | -                               | -               |
| Total comprehensive income for the year                      | -                 | -        | (79,250)              | (175,544)                       | (254,794)       |
| <i>Transactions with owners in their capacity as owners:</i> |                   |          |                       |                                 |                 |
| Contributions of equity, net of transaction costs (note 17)  | -                 | -        | -                     | 1,000                           | 1,000           |
| Balance at 30 June 2021                                      | 32,168,532        | 46,757   | (32,849,746)          | 908,901                         | 274,444         |

|  | Issued<br>Capital | Reserves | Accumulated<br>Losses | Non-<br>controlling<br>interest | Total<br>equity |
|--|-------------------|----------|-----------------------|---------------------------------|-----------------|
| Consolidated   | \$                | \$       | \$                    | \$                              | \$              |
| Balance at 1 July 2021                                       | 32,168,532        | 46,757   | (32,849,746)          | 908,901                         | 274,444         |
| Loss after income tax expense for the year                   | -                 | -        | (196,718)             | (86,877)                        | (283,595)       |
| Other comprehensive income for the year, net of tax          | -                 | -        | -                     | -                               | -               |
| Total comprehensive income for the year                      | -                 | -        | (196,718)             | (86,877)                        | (283,595)       |
| <i>Transactions with owners in their capacity as owners:</i> |                   |          |                       |                                 |                 |
| Contribution of equity (note 17)                             | -                 | -        | -                     | 240,137                         | 240,137         |
| Balance at 30 June 2022                                      | 32,168,532        | 46,757   | (33,046,464)          | 1,062,161                       | 230,986         |

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



# Statement of cash flows

For the year ended 30 June 2022

|  | Note | Consolidated<br>2022 | 2021      |
|--|------|----------------------|-----------|
|  |      | \$                   | \$        |
| <b>Cash flows from operating activities</b>                      |      |                      |           |
| Cash receipts in course of operations                            |      | 729,155              | 311,042   |
| Cash payments in course of operations                            |      | (647,510)            | (806,002) |
|  |      | 81,645               | (494,960) |
| Interest received  |      | 2                    | 2         |
| Government grants received                                       |      | 29,210               | 51,928    |
| R&D Tax Offset received  |      | -                    | 218,270   |
| Net cash from/(used in) operating activities                     | 27   | 110,857              | (224,760) |
| Net cash from investing activities                               |      | -                    | -         |
| <b>Cash flows from financing activities</b>                      |      |                      |           |
| Proceeds from exercise of options                                |      | 30,000               | 1,000     |
| Proceeds from issue of shares to non-controlling interest        | 17   | 210,137              | -         |
| Funds received in advance  | 14   | 16,500               | 147,580   |
| Refund of funds received for capital raising                     | 14   | 147,580              | -         |
| Repayment of premium financing                                   |      | (107,570)            | -         |
| Net cash from financing activities                               |      | 1,487                | 148,580   |
| Net (decrease)/increase in cash and cash equivalents             |      | 112,344              | (76,180)  |
| Cash and cash equivalents at the beginning of the financial year |      | 280,356              | 370,732   |
| Effects of exchange rate changes on cash and cash equivalents    |      | 11,234               | (14,196)  |
| Cash and cash equivalents at the end of the financial year       | 8    | 403,934              | 280,356   |

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

# Notes to the financial statements

30 June 2022

## Note 1. General information

The financial statements cover BioDiem Limited as a consolidated entity consisting of BioDiem Limited and the entities it controlled at the end of, or during, the year ended 30 June 2022. The financial statements are presented in Australian dollars, which is BioDiem Limited's functional and presentation currency. BioDiem Limited as a consolidated entity is "for-profit".

BioDiem Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 100 Albert Road  
South Melbourne, VIC 3205

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 November 2022. The directors have the power to amend and reissue the financial statements.

## Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### New or amended Accounting Standards and Interpretations adopted

The consolidated entity 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.

### Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group reported a net loss after tax of \$283,595 (2021: \$254,794 net loss after tax) and had net operating cash inflows of \$110,857 (2021: net outflows of \$224,760) for the financial year ended 30 June 2022. The net loss after tax is directly attributable to the expenditures incurred in ongoing research and development activities, as well as administration expenditure. Despite the net loss after tax incurred for the period, the directors have prepared the financial statements on the going concern basis. The going concern basis is considered appropriate based on a combination of the existing

net assets of the Group, which amount to \$230,986 (30 June 2021: \$274,444), including cash and cash equivalent assets of \$403,934 (30 June 2021: \$280,356), and the expectation of Group's ongoing ability to secure additional sources of financing successfully. In this regard, the Directors note the following:

- The Group has a licensing agreement with the Serum Institute of India (Serum), which entitles the Group to royalty payments for private market sales of LAIV influenza vaccine in territories licensed to Serum.
- The Group has a licensing agreement with Changchun BCHO Biotechnology Co. (BCHO), which entitles the Group to annual milestone payments and royalty income upon sales of LAIV influenza vaccine in China where it was launched in August 2020. A milestone payment of USD \$267,000 (before tax) was received in February 2022.
- Forgiveness of directors' fees paid to current and former directors of Opal of \$54,794 and the agreement of directors agreed not to receive any directors' fees for the year ended 30 June 2022.
- Directors have the ability to curtail discretionary expenditures, which form a significant part of the Group's total expenditure, enabling the Group to fund its operating expenditures within its available cash reserves.
- On 30 September 2022 Opal announced it had received a total of \$157,431 in proceeds relating to the exercise of 1,964,079 options in Opal, exercisable at \$0.075 (7.5 cents) each, expiring 20 September 2022. A total of \$162,431 was raised from the exercise of \$0.075 options issued from the placement of shares in September 2021. \$87,569 was raised from a placement of shares completed to take up the shortfall of which \$78,544 was contributed by the Company on 15 November 2022..

For these reasons, the Directors believe the Group has positive future prospects and are satisfied the going concern basis of preparation of these annual financial statements is appropriate.

The ability of the consolidated entity to continue as a going concern will be dependent on the ability of the consolidated entity's ability to:

- raise additional capital when required;
- curtail operating expenditure when required;
- continue to execute its licensing agreements and receipt of royalty income in the future periods; and/or
- be successful in receipt of funds from grant applications.

These conditions indicate a material uncertainty that may cast doubt about the consolidated entity's ability to continue as a going concern and, therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

# Notes to the financial statements

30 June 2022

The annual report has been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

## Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### Historical cost convention

The financial statements have been prepared under the historical cost convention.

### Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

## Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

## Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BioDiem Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. BioDiem Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

## Foreign currency translation

The financial statements are presented in Australian dollars, which is BioDiem Limited's functional and presentation currency.

### Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

## Revenue recognition

The consolidated entity recognises revenue as follows:

### Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates

# Notes to the financial statements

30 June 2022

the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

## Licensing fees

Licensing fees derived from the grant of rights to exploit certain master donor strains are recognised by reference to the stage of completion at the transaction date. This is expected to be when the milestone events outlined in the contract have occurred, this is in line with when performance obligations included in the contract are met.

No revenue is recognised unless the outcome of a transaction can be estimated reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the stage of completion can be measured reliably, and costs incurred for the transaction and costs to complete the transaction can be measured reliably.

## Royalty and milestone revenue

Royalty and milestone revenues are recognised in the period in which the right to receive the royalty has been established and the performance obligations are met. Milestone income has been recognised when the first commercial sale occurred and the performance obligation was met at a point in time. Royalty income has been recognised in relation to the sales achieved for the period from first sale to June 2022. Royalty payments are based on sales of the product by the licensee and cannot reliably estimate the revenue to be recognised until sales information becomes available.

## Grant and concession revenue

Unconditional government grants are recognised in profit or loss as other income when the grant becomes receivable. Any other government grant is recognised in the balance sheet initially as deferred income when received and when there is reasonable assurance that the entity will comply with the conditions attaching to it.

Other grants or concessions, including Research & Development Tax concessions, that compensate the entity for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred, and as a receivable over the same period.

## Consulting fee

These revenues are earned as a fixed fee on a monthly basis as services rendered under contract over time.

## Interest

Interest revenue is recognised as interest accrues using the effective interest method.

## Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

## Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.



# Notes to the financial statements

30 June 2022

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

## Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

## Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## Research and development

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as an expense as incurred.

Expenditure on any development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised

if the product is technically feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Other development expenditure is recognised in the profit or loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

## Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

## Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

## Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

## Employee benefits

### Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

### Other long-term employee benefits

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

### Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

# Notes to the financial statements

30 June 2022

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

## Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

# Notes to the financial statements

30 June 2022

## Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### Ukraine-Russia conflict

The Company holds a licence to a Russian influenza (LAIV) vaccine technology and makes payments to Russian-based individuals and entities from royalties and milestone payments from commercialisation of the LAIV technology.

As a consequence of the Ukraine-Russia conflict international sanctions have been introduced which designate certain activities as prohibited which involve certain Russian individuals and entities. The sanctions are updated and amended from time to time and have severe penalties if breached. While the Company's activities do not fall under any sanctioned activities, the Company monitors the sanctions and their updates and assesses potential current and future impacts on the Company. It is unknown how long the sanctions will be in place. The Company continues to liaise with the World Health Organisation and the relevant Australian federal government agency (Department of Foreign Affairs and Trade) to disclose the Company's involvement with Russian individuals and entities and has sought and obtained relevant compliance certifications and "No prohibition" letters to provide to suppliers.

### Revenue from milestone and royalties

When recognising revenue in relation to milestone and royalties, milestone income is recognised on the first commercial sale, being a point in time when the milestone payment is due and payable. The royalty obligation is met at a point in time when the vaccine sales have been achieved and the amount is calculated according to the relevant commercial contracts.

## Note 4. Revenue

|  | Consolidated |           |
|--|--------------|-----------|
|  | 2022         | 2021      |
|  | \$           | \$        |
| Milestone and royalty revenue *        | 374,975      | 736,003   |
| Tax on milestone and royalty revenue * | (50,588)     | (125,750) |
|  | 324,387      | 610,253   |
| Other revenue                          |              |           |
| Consulting fees **                     | 78,797       | -         |
| Revenue                                | 403,184      | 610,253   |

\* Of the \$374,975 (2021: \$736,003) milestone and royalty revenue for the year ended 30 June 2022, \$374,975 (US\$267,000) (2021: \$377,000 (US\$250,000)) related to milestone revenue recognised at a point in time upon the first sale in August 2020, and nil (2021: \$359,000 (US\$269,000)) related to royalty recognised in relation to the sales achieved for the period from first sale to June 2022.

\*\* Of the \$78,797 consulting fees during the year ended 30 June 2022, \$70,000 related to advisory services provided by consolidated entity to a health precinct development project in NSW, the remaining \$8,797 related to miscellaneous services rendered.

## Note 5. Other income

|   | Consolidated |          |
|---|--------------|----------|
|   | 2022         | 2021     |
|   | \$           | \$       |
| Net foreign exchange gain/(losses)          | 11,234       | (14,195) |
| Research & Development Tax Concession       | -            | 25,287   |
| Government grant received - COVID incentive | 9,737        | 32,455   |
| Interest income                             | 274          | 1,020    |
| Forgiveness of directors' fees of Opal *    | 54,794       | -        |
| Other income                                | 76,039       | 44,567   |

\* Pursuant to an agreement between Opal and its non-executive former non-executive directors ("the directors"), the directors agreed to forgive all the fees accrued as at 30 April 2022. The Opal directors received no directors' fees from 1 May 2022.

# Notes to the financial statements

30 June 2022

## Note 6. Expenses

|  | Consolidated<br>2022 | 2021 |
|--|----------------------|------|
|  | \$                   | \$   |

Loss before income tax includes the following specific expenses:

### *Employee Benefits Expense*

|   |         |         |
|---|---------|---------|
| Wages and salaries                            | 221,460 | 227,964 |
| Superannuation - defined contribution         | 20,146  | 15,399  |
| (Decrease)/increase in annual leave provision | (2,907) | 11,570  |
| Increase in long service leave provision      | 7,457   | 71      |
| Total   | 246,156 | 255,004 |

## Note 7. Income tax expense

|  | Consolidated<br>2022 | 2021 |
|--|----------------------|------|
|  | \$                   | \$   |

### *Numerical reconciliation of income tax expense and tax at the statutory rate*

|                                |           |           |
|--------------------------------|-----------|-----------|
| Loss before income tax expense | (283,595) | (254,794) |
|--------------------------------|-----------|-----------|

|  |          |          |
|--|----------|----------|
| Tax at the statutory tax rate of 25% (2021: 26%) | (70,899) | (66,246) |
|--|----------|----------|

Tax effect amounts which are not deductible/(taxable) in calculating taxable income:

|   |        |         |
|---|--------|---------|
| Research & Development tax incentive - not assessable | -      | (6,575) |
| Non Deductible  | 11,724 | 26,736  |
| Deductible  | -      | (147)   |

|  |          |          |
|--|----------|----------|
|  | (59,175) | (46,232) |
|--|----------|----------|

|  |        |        |
|--|--------|--------|
| Current year tax losses not recognised | 76,653 | 45,878 |
|--|--------|--------|

|   |          |     |
|---|----------|-----|
| Current year temporary differences not recognised | (17,478) | 354 |
|---|----------|-----|

|                    |   |   |
|--------------------|---|---|
| Income tax expense | - | - |
|--------------------|---|---|

# Notes to the financial statements

30 June 2022

|   | Consolidated |            |
|---|--------------|------------|
|   | 2022         | 2021       |
|   | \$           | \$         |
| <i>Tax losses not recognised</i>                                      |              |            |
| Unused tax losses for which no deferred tax asset has been recognised | 30,171,862   | 30,467,958 |
| Potential tax benefit at statutory tax rates 25.00% (2021: 26.00%)    | 7,611,088    | 7,616,989  |

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed. Biodiem has total group tax losses of \$30,171,862. The ability to access these tax losses is subject to the company passing the same/similar business test or continuity of ownership requirement.

## Note 8. Cash and cash equivalents

|                       | Consolidated |         |
|-----------------------|--------------|---------|
|                       | 2022         | 2021    |
|                       | \$           | \$      |
| <i>Current assets</i> |              |         |
| Cash at bank          | 403,934      | 280,356 |

## Note 9. Trade and other receivables

|                       | Consolidated |         |
|-----------------------|--------------|---------|
|                       | 2022         | 2021    |
|                       | \$           | \$      |
| <i>Current assets</i> |              |         |
| Trade receivables     | 11,001       | 340,166 |
| Interest receivable   | 106          | 96      |
| GST receivable        | 9,861        | 6,182   |
|                       | 20,968       | 346,444 |

## Note 10. Other assets

|                       | Consolidated |         |
|-----------------------|--------------|---------|
|                       | 2022         | 2021    |
|                       | \$           | \$      |
| <i>Current assets</i> |              |         |
| Accrued revenue       | 277          | 21,138  |
| Prepayments           | 9,154        | 143,495 |
| Short term deposits   | 104,236      | 103,973 |
|                       | 113,667      | 268,606 |

As at 30 June 2022 the Company held two short term deposits earning 0.35% and 0.25% per annum respectively of which. \$48,257 (2021: \$103,973) of the total was held in supporting bank guarantee.



# Notes to the financial statements

30 June 2022

## Note 11. Trade and other payables

|                            | Consolidated   |                |
|----------------------------|----------------|----------------|
|                            | 2022           | 2021           |
|                            | \$             | \$             |
| <i>Current liabilities</i> |                |                |
| Trade payables             | 84,730         | 101,380        |
| Other payables             | 44,870         | 117,769        |
|                            | <u>129,600</u> | <u>219,149</u> |

Refer to note 19 for further information on financial instruments.

## Note 12. Borrowings

|                            | Consolidated |         |
|----------------------------|--------------|---------|
|                            | 2022         | 2021    |
|                            | \$           | \$      |
| <i>Current liabilities</i> |              |         |
| Insurance funding          | -            | 107,571 |

Refer to note 19 for further information on financial instruments.

For the year ended 30 June 2021, BioDiem had a premium funding agreement in place with IQumulate Premium Funding. The funding agreement related to directors and officers insurance, life science insurance and brokers fees. The total amount renewed under the agreement during 2021 financial year was \$215k and interest amount of \$9k for the period from 15 February 2021 to 15 November 2021.

## Note 13. Employee benefits

|                              | Consolidated   |                |
|------------------------------|----------------|----------------|
|                              | 2022           | 2021           |
|                              | \$             | \$             |
| <i>Current liabilities</i>   |                |                |
| Annual leave provision       | 107,011        | 94,489         |
| Long service leave provision | 54,472         | 52,173         |
|                              | <u>161,483</u> | <u>146,662</u> |

*Amounts not expected to be settled within the next 12 months*

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

|                    | Consolidated |        |
|--------------------|--------------|--------|
|                    | 2022         | 2021   |
|                    | \$           | \$     |
| Long service leave | 54,472       | 52,173 |

# Notes to the financial statements

30 June 2022

## Note 14. Fund received in advance

|                            | Consolidated |         |
|----------------------------|--------------|---------|
|                            | 2022         | 2021    |
|                            | \$           | \$      |
| <i>Current liabilities</i> |              |         |
| Funds received in advance  | 16,500       | 147,580 |

The balance as at 30 June 2022 represents the funds received from investors for exercise of options, of which 200,000 shares at \$0.075 each were issued subsequent to the year ended.

The balance as at 30 June 2021 represents funds received from investors as a part of the Information Memorandum announced by Opal during the period to raise up to \$5 million through the issue of 33,333,333 shares at \$0.15 (15 cents) per share. Subsequent to year end, Opal announced that in light of its progress towards leading the development of a Life Sciences and Biotechnology Development and Manufacturing Precinct to be based in Boronia, Victoria, it withdrew this capital raising, and returned all monies in full to applicants.

## Note 15. Equity - issued capital

|  | Consolidated |             |            |            |
|--|--------------|-------------|------------|------------|
|  | 2022         | 2021        | 2022       | 2021       |
|  | Shares       | Shares      | \$         | \$         |
| Ordinary shares - fully paid               | 174,734,060  | 174,734,060 | 31,019,592 | 31,019,592 |
| Convertible Preference shares - fully paid | 14,392,433   | 14,392,433  | 1,148,940  | 1,148,940  |
|  | 189,126,493  | 189,126,493 | 32,168,532 | 32,168,532 |

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### Convertible Preference shares

Preference shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held, with priority over ordinary shareholders.

The Convertible Preference Shares rank in priority to the Company's existing fully paid Ordinary Shares in respect of dividends and capital returns until the holders have received 8 times the issue price of the Convertible Preference Shares. The Convertible Preference Shares have limited voting rights. Once

the holders of the Convertible Preference Shares have received the preferential return, the Convertible Preference Shares will convert into Ordinary Shares.

### Capital risk management

The consolidated entity objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 2021 Annual Report.

# Notes to the financial statements

30 June 2022

## Note 16. Reserves

|                              | Consolidated |        |
|------------------------------|--------------|--------|
|                              | 2022         | 2021   |
|                              | \$           | \$     |
| Share-based payments reserve | 46,757       | 46,757 |

### Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

## Note 17. Non-controlling interest

|                    | Consolidated |           |
|--------------------|--------------|-----------|
|                    | 2022         | 2021      |
| Issued capital     | 1,755,294    | 1,515,152 |
| Accumulated losses | (693,133)    | (606,251) |
|                    | 1,062,161    | 908,901   |

| Details                            | Date       | Shares     | Issue Price | \$        |
|------------------------------------|------------|------------|-------------|-----------|
| At 1 July 2020                     | 01/01/2015 | 19,746,177 | \$0.00      | 2,014,157 |
| Exercise of options                | 22/10/2020 | 4,000      | \$0.25      | 1,000     |
| As at 30 June 2021 and 1 July 2021 |            | 19,750,177 |             | 2,015,157 |
| Placement (note 25)                | 20/09/2021 | 3,333,332  | \$0.075     | 250,000   |
| Exercise of options                | 17/02/2022 | 333,333    | \$0.075     | 25,000    |
| Exercise of options                | 08/04/2022 | 66,667     | \$0.075     | 5,000     |
| As at 30 June 2022                 |            | 23,483,509 |             | 2,295,157 |

During the financial year, Opal issued 3,333,332 ordinary shares at \$0.075 per share raising \$250,000, of which 531,485 shares (\$39,860) were issued to the Company.

## Note 18. Dividends

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

## Note 19. Financial instruments

### Financial risk management objectives

Exposure to liquidity, credit and currency risks arise in the normal course of the company's business.

### Market risk

#### Foreign currency risk

The consolidated entity undertakes currently undertakes very few transactions denominated in foreign currency and

therefore is exposed to little foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

#### Price risk

The consolidated entity is not exposed to any significant price risk.

#### Interest rate risk

The consolidated entity is not exposed to significant interest rate risk.

# Notes to the financial statements

30 June 2022

## Credit risk

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised, as counterparties are recognised financial intermediaries, with acceptable credit ratings determined by recognised credit agencies.

The maximum exposure to credit risk is represented by the carrying amounts of the financial assets in the Statement of Financial Position.

None of the consolidated entity's receivables are past their due date.

## Liquidity risk

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

## Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

|                     | Weighted average interest rate | 1 year or less | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Remaining contractual maturities |
|---------------------|--------------------------------|----------------|-----------------------|-----------------------|--------------|----------------------------------|
| Consolidated - 2022 | %                              | \$             | \$                    | \$                    | \$           | \$                               |

### Non-derivatives

#### Non-interest bearing

|                          |   |         |   |   |   |         |
|--------------------------|---|---------|---|---|---|---------|
| Trade and other payables | - | 129,600 | - | - | - | 129,600 |
| Fund received in advance | - | 16,500  | - | - | - | 16,500  |
| Total non-derivatives    |   | 146,100 | - | - | - | 146,100 |

|                     | Weighted average interest rate | 1 year or less | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Remaining contractual maturities |
|---------------------|--------------------------------|----------------|-----------------------|-----------------------|--------------|----------------------------------|
| Consolidated - 2021 | %                              | \$             | \$                    | \$                    | \$           | \$                               |

### Non-derivatives

#### Non-interest bearing

|                           |   |         |   |   |   |         |
|---------------------------|---|---------|---|---|---|---------|
| Trade and other payables  | - | 101,380 | - | - | - | 101,380 |
| Money received in advance | - | 147,580 | - | - | - | 147,580 |

#### Interest-bearing – fixed rate

|                       |   |         |   |   |   |         |
|-----------------------|---|---------|---|---|---|---------|
| Premium Funding       | - | 107,571 | - | - | - | 107,571 |
| Total non-derivatives |   | 356,531 | - | - | - | 356,531 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

# Notes to the financial statements

30 June 2022

## Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company:

|   | Consolidated<br>2022 | 2021   |
|---|----------------------|--------|
|   | \$                   | \$     |
| Audit services - Grant Thornton Audit Pty Ltd |                      |        |
| Audit or review of the financial statements   | 56,200               | 53,500 |

## Note 21. Contingent liabilities

The consolidated entity holds a licence to commercialise influenza vaccine technologies from the Institute of Experimental Medicine. Under this agreement the consolidated entity is obliged to pay the Institute of Experimental Medicine 20% of all payments received from any Licensee and 20% of any royalties arising from net sales.

The consolidated entity holds a licence to commercialise the BDM-I antimicrobial technology from the Institute of Experimental Medicine. Under this agreement the consolidated entity is obliged to pay the Institute of Experimental Medicine 10% of all payments received from any Licensee and 10% of any royalties arising from net sales (or 5% in each case, where the commercialisation is done by the consolidated entity).

|                 | Consolidated<br>2022 | 2021   |
|-----------------|----------------------|--------|
|                 | \$                   | \$     |
| Bank guarantees | 13,750               | 13,750 |

As at 30 June 2022 the company held a short-term deposit totalling \$48,257 (2021: two short term deposits totalling \$103,973) in support of its undertakings bank guarantees.

## Note 22. Commitments

There are no commitments for 2022 (2021: Nil).

## Note 23. Related party transactions

### Parent entity

BioDiem Limited is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 25.

### Transactions with related parties

The following transactions occurred with related parties:

|  | Consolidated<br>2022 | 2021    |
|--|----------------------|---------|
|  | \$                   | \$      |
| Key management personnel compensation: |                      |         |
| Short-term employee benefits           | 221,460              | 227,964 |
| Post-employee benefits                 | 20,146               | 15,398  |
| Directors fees                         | 10,750               | 54,794  |



# Notes to the financial statements

30 June 2022

Prof Rudenko is the Head of the Virology Department at the Institute of Experimental Medicine ("the Institute"). During the course of the year the Group paid licence fees and royalties amounting to \$63,669 (2021: \$111,581) to the Institute. During the financial year, the Company paid \$30,500 (2021: \$30,500) in consulting Fees to Prof Rudenko.

Since February 2018, Opal Biosciences Limited has held a service agreement with the parent entity, Biodiem Limited, and paid a monthly fee for operation and management support. This agreement is subject to annual review and reassessment. The latest reassessment in February 2022 updated the fee to \$10,394 plus GST per month, from the prior amount of \$16,975 plus GST per month.

Forgiveness of directors' fees paid to current and former directors of Opal of \$54,794 and the agreement of the directors not to receive any directors' fees for the year ended 30 June 2022.

## Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

## Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

## Note 24. Parent entity information

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

### Statement of profit or loss and other comprehensive income

|                                   | Parent   |         |
|-----------------------------------|----------|---------|
|                                   | 2022     | 2021    |
|                                   | \$       | \$      |
| Profit/(loss) after income tax    | (87,710) | 223,528 |
| Total comprehensive income/(loss) | (87,710) | 223,528 |

### Statement of financial position

|                              | Parent       |              |
|------------------------------|--------------|--------------|
|                              | 2022         | 2021         |
|                              | \$           | \$           |
| Total current assets         | 464,122      | 626,025      |
| Total assets                 | 464,122      | 626,025      |
| Total current liabilities    | 277,388      | 351,581      |
| Total liabilities            | 277,388      | 351,581      |
| Equity                       |              |              |
| Issued capital               | 32,168,532   | 32,168,532   |
| Share-based payments reserve | 46,757       | 46,757       |
| Accumulated losses           | (32,028,555) | (31,940,845) |
| Total equity                 | 186,734      | 274,444      |

## Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

# Notes to the financial statements

30 June 2022

## Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021, other than as mentioned below.

The consolidated entity holds a licence to commercialise influenza vaccine technologies from the Institute of Experimental Medicine. Under this agreement the consolidated entity is obliged to pay the Institute of Experimental Medicine 20% of all payments received from any Licensee and 20% of any royalties arising from net sales.

The consolidated entity holds a licence to commercialise the BDM-I antimicrobial technology from the Institute of Experimental Medicine. Under this agreement the consolidated entity is obliged to pay the Institute of Experimental Medicine 10% of all payments received from any Licensee and 10% of any royalties arising from net sales (or 5% in each case, where the commercialisation is done by the consolidated entity).

## Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

## Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

## Note 25. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

| Name                        | Principal place of business /<br>Country of incorporation | Ownership interest |         |
|-----------------------------|---|--------------------|---------|
|                             |   | 2022               | 2021    |
|                             |   | %                  | %       |
| Savine Therapeutics Pty Ltd | Australia   | 100.00%            | 100.00% |
| Opal Biosciences Limited    | Australia   | 55.65%             | 63.30%  |

During the financial year, Opal issued 3,333,332 ordinary shares at \$0.075 per share raising \$250,000, of which 531,485 shares (\$39,860) were issued to the Company.

BioDiem retains the majority shareholding of Opal due to its equity holding and continues to support Opal.

## Note 26. Events after the reporting period

On 30 September 2022 Opal announced it had received a total of \$157,431 in proceeds relating to the exercise of 1,964,079 options in Opal, exercisable at \$0.075 (7.5 cents) each, expiring 20 September 2022. A total of \$162,431 was raised from the exercise of \$0.075 options issued from the placement of shares in September 2021. \$87,569 was raised from a placement of shares completed to take up the shortfall of which \$78,544 was contributed by the Company on 15 November 2022.

No other matter or circumstance has arisen since 30 June 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.

# Notes to the financial statements

30 June 2022

## Note 27. Reconciliation of loss after income tax to net cash from/(used in) operating activities

|  | Consolidated |           |
|--|--------------|-----------|
|  | 2022         | 2021      |
|  | \$           | \$        |
| Loss after income tax expense for the year         | (283,595)    | (254,794) |
| Adjustments for:                                   |              |           |
| Foreign exchange differences                       | (11,234)     | 12,160    |
| Write off of directors fee                         | (54,794)     | -         |
| Change in operating assets and liabilities:        |              |           |
| Decrease/(increase) in trade and other receivables | 349,729      | (90,249)  |
| Decrease/(increase) in prepayments                 | 134,341      | (39,165)  |
| Increase/(decrease) in trade and other payables    | (38,411)     | 135,647   |
| Increase in employee benefits                      | 14,821       | 11,641    |
| Net cash used in operating activities              | 110,857      | (224,760) |

## Note 28. Share-based payments

The Group has an Employees' and Officers' Incentive Option Scheme pursuant to which options may be issued to eligible persons, being directors', employees and consultants or their approved nominees. Eligible persons may receive options based on the achievement of specific performance hurdles, which are a blend of Group and personal objectives appropriate for the roles and responsibilities of each individual.

Under the scheme signed in October 2006, the Group has the ability to issue options up to 5 percent of the issued capital. As at 30 June 2022 there were 174,734,060 shares on hand.

When issued, the options will have an exercise price of not less than the average closing trading price of the Group's ordinary listed shares on the five days prior to issuing invitations to accept options under the scheme, will have an expiry date not later than five years after the date of issue, and will vest at such times as the Board with the advice from the Remuneration Committee may specify in the applicable invitation to accept the options.

On 27 July 2009 the Group issued 160,000 options under the ESOP. These options were restricted until 27 July 2010 and lapsed on 27 July 2014. The exercise price was set at \$0.136.

At the Annual General Meeting, held on 8 October 2013, 2 million options were granted to the CEO under the scheme. The options vested in accordance with the Scheme rules and will lapse after 30 September 2023.

All options vest on the basis of one third per annum after the year of issue. There are no voting rights or dividend rights attached to these options. All these options expire on the earlier of the expiry date or the date of the employee termination, unless otherwise agreed.

No shares issued on exercise of options granted under the scheme during the year or in the previous year.

# Notes to the financial statements

30 June 2022

Set out below are summaries of options granted under the plan:

| 2022       |             |                |                                  |         |           |                           |                                |
|------------|-------------|----------------|----------------------------------|---------|-----------|---------------------------|--------------------------------|
| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
| 08/10/2013 | 30/09/2023  | \$0.080        | 666,667                          | -       | -         | -                         | 666,667                        |
| 08/10/2013 | 30/09/2023  | \$0.120        | 666,667                          | -       | -         | -                         | 666,667                        |
| 08/10/2013 | 30/09/2023  | \$0.200        | 666,666                          | -       | -         | -                         | 666,666                        |
|            |             |                | 2,000,000                        | -       | -         | -                         | 2,000,000                      |

| 2021       |             |                |                                  |         |           |                           |                                |
|------------|-------------|----------------|----------------------------------|---------|-----------|---------------------------|--------------------------------|
| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
| 08/10/2013 | 30/09/2023  | \$0.080        | 666,667                          | -       | -         | -                         | 666,667                        |
| 08/10/2013 | 30/09/2023  | \$0.120        | 666,667                          | -       | -         | -                         | 666,667                        |
| 08/10/2013 | 30/09/2023  | \$0.200        | 666,666                          | -       | -         | -                         | 666,666                        |
|            |             |                | 2,000,000                        | -       | -         | -                         | 2,000,000                      |

Set out below are the options exercisable at the end of the financial year:

|            |             | 2022      | 2021      |
|------------|-------------|-----------|-----------|
| Grant date | Expiry date | Number    | Number    |
| 08/10/2013 | 30/09/2023  | 2,000,000 | 2,000,000 |
|            |             | 2,000,000 | 2,000,000 |

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|------------|-------------|---------------------------|----------------|---------------------|----------------|-------------------------|--------------------------|
| 08/10/2013 | 30/09/2023  | \$0.030                   | \$0.080        | 100.00%             | -              | 3.97%                   | \$0.024                  |
| 08/10/2013 | 30/09/2023  | \$0.030                   | \$0.120        | 100.00%             | -              | 3.97%                   | \$0.024                  |
| 08/10/2013 | 30/09/2023  | \$0.030                   | \$0.200        | 100.00%             | -              | 3.97%                   | \$0.022                  |

# Directors' declaration

30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company 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 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



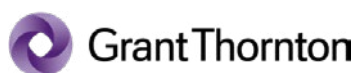
**Damien Hannes**

Chairman

24 November 2022 | Melbourne



## Independent auditor's report to the members of BioDiem Limited



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### Independent Auditor's Report

To the Members of BioDiem Limited

Report on the audit of the financial report

#### Opinion

We have audited the financial report of BioDiem Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated 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:

- a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b 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 *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 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.

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# Independent auditor's report to the members of BioDiem Limited

## Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of \$283,595 during the year ended 30 June 2022, and as of that date, the Group's net assets amounted to \$230,986. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Information other than the financial report and auditor's report thereon

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance 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*. The Directors' responsibility also includes 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 Group's ability 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 have 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



T S Jackman  
Partner – Audit & Assurance  
Melbourne, 24 November 2022

## Corporate directory

### Directors

Mr Damien Hannes  
Prof Larisa Rudenko  
Mr Fergus Mak Po Kan  
Ms Julie Phillips

### Share Registry

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**Investor Queries (within Australia):** 1300 850 505

### Company Secretary

Ms. Melanie Leydin

### Registered Office

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### Principal place of business

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### Auditor

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For more information, please visit: [www.biodiem.com](http://www.biodiem.com)