

HEXIMA LIMITED

ASX ANNOUNCEMENT



24 February 2022

APPENDIX 4D AND INTERIM FINANCIAL REPORT

MELBOURNE, AUSTRALIA (24 February 2022): In accordance with Listing Rule 4.2A, Hexima Limited (ASX:HXL) provides the attached Appendix 4D and Interim Consolidated Financial Report for the six months ended 31 December 2021.

This Interim Consolidated Financial Report should be read in conjunction with the Company's Annual Report for the year ended 30 June 2021.

This announcement is authorised for release to ASX by Board of Hexima Limited.

Enquiries:

Dr Nicole van der Weerden
Chief Operating Officer
n.vanderweerden@hexima.com.au

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ABOUT HEXIMA

Hexima (ASX:HXL) is a clinical stage, anti-infectives focused biotechnology company engaged in the research and development of defensin peptides for applications as human therapeutics. Our lead product candidate, pezadeftide (HXP124) applied in a topical formulation, is a potential new prescription treatment for toenail fungal infections (or onychomycosis). Hexima is currently conducting an Australian phase IIb clinical trial testing pezadeftide for the treatment of onychomycosis. Hexima holds granted, long-life patents protecting pezadeftide in major markets globally. For additional information please visit www.hexima.com.au. You can also find us on [Twitter](#) and [LinkedIn](#) or email us at info@hexima.com.au.



APPENDIX 4D

Hexima Limited

ABN: 64 079 319 314

Results for announcement to the market for the half-year ended 31 December 2021. ASX listing rule 4.2A.3.

Reporting period

Reporting period: 31 December 2021

Previous corresponding period: 31 December 2020

The 31 December 2021 Interim Consolidated Financial Report should be read in conjunction with the 2021 Annual Report.

Results for announcement to the market

		31 Dec 2021	31 Dec 2020	
		\$ '000	\$ '000	% Change
Revenue from ordinary activities	Increased	2,346	1,629	44%
Loss from ordinary activities before tax	Increased	4,052	2,732	48%
Loss from ordinary activities after tax	Increased	4,052	2,732	48%

An explanation of the figures within this table are contained in the Directors Report of the 31 December 2021 Interim Consolidated Financial Report.

Shareholder Distributions

No dividends have been paid or declared by the entity since the beginning of the current reporting period.

Net Tangible Assets per security

	31 Dec 2021	31 Dec 2020
	Cents	Cents
Net tangible asset per security (including right-of-use assets)	5.32	4.87

Commentary on the results of the period

Refer to the 31 December 2021 Interim Consolidated Financial Report attached.

Status of Audit

The independent auditor's report is contained within the 31 December 2021 Interim Consolidated Financial Report. It is unmodified with an emphasis of matter regarding material uncertainty over going concern.

HEXIMA LIMITED

ABN 64 079 319 314

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six months ended 31 December 2021



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DIRECTORS

Mr Michael Aldridge	Chief Executive Officer and Managing Director
Prof Jonathan West	Non-Executive Chairman
Dr Nicole van der Weerden	Chief Operating Officer and Executive Director
Mr Justin Yap	Non-Executive Director
Mr Scott Robertson	Non-Executive Director
Mr Jason (Jake) Nunn	Non-Executive Director
Mr Steven Skala AO	Alternate Non-Executive Director

COMPANY SECRETARY

Ms Leanne Ralph

REGISTERED OFFICE

Hexima Limited
La Trobe Institute for Molecular Science
Level 4, LIMS2, La Trobe University
Melbourne Victoria 3086, Australia

SHARE REGISTRY

Link Market Services
Tower 4, Collins Square
727 Collins Street
Melbourne Victoria 3008, Australia

AUDITOR

KPMG
Tower Two, Collins Square
727 Collins Street
Melbourne Victoria 3008, Australia

STOCK EXCHANGE

Australian Securities Exchange Ltd

ASX CODE

HXL



DIRECTORS

The Directors of Hexima Limited (the "Company") at any time during or since the end of the 6-month period ended 31 December 2021 (the "Interim Period") are:

Executive

Mr Michael Aldridge	Chief Executive Officer and Managing Director	Director since 21 May 2019
Dr Nicole van der Weerden	Chief Operating Officer and Executive Director	Director since 16 December 2014
Professor Marilyn Anderson AO	Executive Director and Chief Science Officer	Director since 23 November 2010 (retired as a Director 2 December 2021)

Non-Executive

Prof Jonathan West	Non-Executive Chairman	Director since 7 November 2005; Appointed Non-Executive Chairman 18 November 2014
Mr Justin Yap	Non-Executive Director	Director since 17 July 2018
Mr Scott Robertson	Non-Executive Director	Director since 21 November 2018
Mr Jason (Jake) Nunn	Non-Executive Director	Director since 1 September 2021
Mr Steven Skala AO	Non-Executive Alternate Director	Alternate Director for Mr Scott Robertson since 10 March 2020

RESULTS AND REVIEW OF OPERATIONS

Financial results

As at 31 December 2021, the Group had \$14,965,480 in cash and receivables (30 June 2021: \$7,445,019). Hexima holds adequate capital to fund its ongoing pezadeftide development program through to completion of preparations for its phase III clinical program.

Net cash inflow for the six months was \$8,637,951 compared with net cash inflow of \$6,339,425 in the prior corresponding period. Both periods included capital raisings and receipt of the research and development tax incentive cash payment from the Australian government.

Hexima recorded a loss of \$4,052,070 for the six months ended 31 December 2021, compared to a loss of \$2,732,153 for the previous corresponding period. This increase in loss is largely a result of increased research and development expenditure related to the ongoing phase IIb clinical trial, along with increased investment in our manufacturing process. The increased expenditure correlates directly with the increased research and development tax incentive receivable for the corresponding period.

During November and December 2021, Hexima completed a placement of 31,250,000 shares at \$0.32 to raise \$10 million (the "Placement"). During November 2021 a share purchase plan was offered to current shareholders in which a further 3,125,317 shares were issued raising \$1,000,101.



Review of operations

The principal activity of the Group (comprising the Company and its subsidiaries) during the Interim Period was the research and development of plant-derived proteins and peptides for applications as human therapeutics. Its lead product candidate, pezadeftide (formerly HXP124) applied in a topical formulation, is a potential new prescription treatment for toenail fungal infections (or onychomycosis).

Hexima believes pezadeftide addresses important shortcomings of available treatments for onychomycosis. It is a broad spectrum and powerful antifungal agent with a new mode of action and penetrates nails rapidly when applied topically.

Pezadeftide is safe and well tolerated and in a phase I clinical trial demonstrated:

- **Short course of therapy:** pezadeftide demonstrated treatment effect following just 6-weeks of daily therapy
- **Effective in clearing fungus from the nail:** pezadeftide was more than twice as effective as current best-in-class (oral and topical) products at the same time point: 69% mycological cure rate
- **Fast acting:** pezadeftide started to improve the appearance of the infected nail within 12 weeks: 19.5% clinical efficacy (<10% infected nail area)
- **Safe and well tolerated:** with no treatment area irritation or treatment-related adverse events. Pezadeftide is locally acting, penetrating the nail but is not detected in the blood stream and has not demonstrated any systemic toxicity.

Phase II clinical trial

During the Interim Period, Hexima continued a multi-centre 9-month phase II clinical trial in Australia and New Zealand. Hexima completed patient enrolment and all patients are now in either treatment or follow-up. This study is seeking to identify the optimal course of therapy for pezadeftide (2%) and is comparing three treatment arms: 12 weeks versus 31 weeks of daily therapy as well as 12 weeks of daily therapy followed by weekly maintenance therapy out to 36 weeks. The patients receiving treatment with pezadeftide are being compared to patients treated with a formulation not containing drug (vehicle) at a ratio of 3:1. Neither the patient nor the evaluating clinician is aware of the active or vehicle identity.

Hexima expects the results of this clinical trial to be announced in Q2 2022.

Scale-up and GMP Manufacturing

Hexima is manufacturing pezadeftide at a contract manufacturing organisation (CMO) in Europe. During the Interim Period, Hexima completed scale-up manufacturing activities. Pezadeftide has now been manufactured to Good Manufacturing Practice (GMP) standards – an international system to ensure that pharmaceutical products are consistently produced and controlled according to quality standards.

Toxicology studies and Investigational New Drug (IND) Application

During the Interim Period Hexima completed its toxicology studies to support an IND Application to FDA to initiate a phase I clinical trial in the US. Hexima intends to submit its IND application in Q1 2022 and then initiate a single centre maximal use (MuST) clinical study evaluating the pharmacokinetics of pezadeftide in patients with onychomycosis in a maximal use setting.



CompliancePak and Mobile App

Hexima filed a design patent covering its patient friendly secondary packaging system, which together with its integrated mobile app is being designed to enhance the patient treatment experience.

CompliancePak	Mobile app
✓No spill / difficult to misplace ✓Easy to open and use ✓Reinforces FDA use directions ✓Connects to mobile app	✓Reinforces use directions (with video) ✓Compliance reminders ✓Confirmation of treatment ✓Visual tracking of treatment progress ✓Teledoc: diagnosis, prescription, refills

Impact of COVID-19

Like many businesses in Australia, Hexima has seen an impact from COVID-19. The primary area of impact has been around the enrolment, treatment and follow-up of patients into its phase II clinical trial, with the pace of patient enrolment the activity most effected. This trial was fully enrolled as of July 2021, and with all patients and investigator sites then on a scheduled treatment and follow-up program the impact of any State travel restrictions, business closures and mandated lock downs due to COVID-19 has been significantly less. Further these events have not affected the integrity of the phase IIb trial. This trial is on schedule and Hexima expects results to be announced in Q2 2022.

Management changes

During the Interim Period we added Jake Nunn as a non-executive director. Marilyn Anderson our Chief Scientific Officer stepped down from the Board. We appointed Dr Nancy Sacco as our Chief Development Officer and Phil Rose as Chief Commercial Officer.

Subsequent events

Subsequent to the end of the half year period, the liability of \$571,576 to La Trobe University has been settled via an issue of 1,394,088 ordinary shares to La Trobe University at an issue price of \$0.41. This was effective 3 February 2022.

Other than the matter noted above, there have been no events subsequent to balance sheet date which would have a material effect on the Group's financial statements as at 31 December 2021.

This report is made pursuant to a resolution of the Directors.

Mr Michael Aldridge
Chief Executive Officer and Managing Director

Dr Nicole van der Weerden
Chief Operating Officer and Executive Director

Dated this 23rd day of February 2022



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Hexima Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Hexima Limited for the half-year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

The KPMG logo, consisting of the letters 'KPMG' in a blue, cursive script font.

KPMG

A blue ink signature of Adrian Nathanielsz, written in a cursive style.

Adrian Nathanielsz

Partner

Melbourne

23 February 2022

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2021



	Notes	Consolidated	
		31 Dec	31 Dec
		2021	2020
		\$	\$
Revenue			
Lease income	7	198,090	195,936
Government grants	7	2,147,998	1,432,565
		2,346,088	1,628,501
Expenses			
Research and development		(4,687,716)	(2,896,746)
Patent and legal		(202,440)	(78,884)
Marketing and business development		(77,769)	(39,770)
Employee remuneration and benefits		(1,066,103)	(800,037)
Depreciation		(71,849)	(74,034)
Other		(302,972)	(387,646)
		(6,408,849)	(4,277,117)
Results from operating activities		(4,062,761)	(2,648,616)
Finance income		42,161	130,323
Finance expense		(31,470)	(213,860)
Net financing income/(expense)		10,691	(83,537)
Loss before income tax		(4,052,070)	(2,732,153)
Income tax expense		-	-
Loss for the period		(4,052,070)	(2,732,153)
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive loss for the period		(4,052,070)	(2,732,153)
Loss attributable to:			
Owners of the Company		(4,052,070)	(2,732,153)
Loss for the period		(4,052,070)	(2,732,153)
Total comprehensive loss attributable to:			
Owners of the Company		(4,052,070)	(2,732,153)
Total comprehensive loss for the period		(4,052,070)	(2,732,153)
Earnings per share:			
Basic and diluted loss per share (cents)		(2.91)	(2.94)

The accompanying notes form part of these interim financial statements

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021



	Notes	Consolidated	
		31 Dec	30 Jun
		2021	2021
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		12,118,860	3,421,881
Receivables		2,846,620	4,023,138
TOTAL CURRENT ASSETS		14,965,480	7,445,019
NON-CURRENT ASSETS			
Plant and equipment		120,565	131,998
Investment property		940,660	998,032
TOTAL NON-CURRENT ASSETS		1,061,225	1,130,030
TOTAL ASSETS		16,026,705	8,575,049
CURRENT LIABILITIES			
Trade and other payables	9	6,118,756	3,293,844
Loans and borrowings	8	17,400	31,996
Employee benefits		288,167	586,871
TOTAL CURRENT LIABILITIES		6,424,323	3,912,711
NON-CURRENT LIABILITIES			
Trade and other payables	9	-	1,616,758
TOTAL NON-CURRENT LIABILITIES		-	1,616,758
TOTAL LIABILITIES		6,424,323	5,529,469
NET ASSETS		9,602,382	3,045,580
EQUITY			
Issued capital	10	82,267,862	71,905,180
Reserves		2,527,414	2,281,224
Accumulated losses		(75,192,894)	(71,140,824)
TOTAL EQUITY		9,602,382	3,045,580

The accompanying notes form part of these interim financial statements

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



<i>For the six months ended 31 December 2021</i>	Note	Ordinary Shares	Equity option reserve	Equity compen- sation reserve	Accumulated Losses	Total equity
		\$	\$	\$	\$	\$
Opening balance at 1 July 2021		71,905,180	450,216	1,831,008	(71,140,824)	3,045,580
Net (loss) for the period		-	-	-	(4,052,070)	(4,052,070)
Total comprehensive (loss) for the period		-	-	-	(4,052,070)	(4,052,070)
Transactions with owners recorded directly in equity						
Issue of ordinary shares		11,000,102	-	-	-	11,000,102
Capital raising costs		(637,420)	-	-	-	(637,420)
Equity settled share-based payment transactions	10	-	-	246,190	-	246,190
Total transaction with owners		10,362,682	-	246,190	-	10,608,872
Balance at 31 December 2021		82,267,862	450,216	2,077,198	(75,192,894)	9,602,382

<i>For the six months ended 31 December 2020</i>	Note	Ordinary Shares	Equity option reserve	Equity compen- sation reserve	Accumulated Losses	Total equity
		\$	\$	\$	\$	\$
Opening balance at 1 July 2020		61,006,378	200,000	1,440,525	(64,267,178)	(1,620,275)
Net (loss) for the period		-	-	-	(2,732,153)	(2,732,153)
Total comprehensive (loss) for the period		-	-	-	(2,732,153)	(2,732,153)
Transactions with owners recorded directly in equity						
Issue of ordinary shares		8,700,000	-	-	-	8,700,000
Issue of convertible notes		3,246,791	-	-	-	3,246,791
Capital raising costs		(1,047,989)	-	-	-	(1,047,989)
Equity settled share-based payment transactions	10	-	250,216	173,526	-	423,742
Total transaction with owners		10,898,802	250,216	173,526	-	11,322,544
Balance at 31 December 2020		71,905,180	450,216	1,614,051	(66,999,331)	6,970,116

The accompanying notes form part of these interim financial statements

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021



	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from government grants and tax incentive	3,324,516	2,163,698
Cash receipts from leased property	219,084	323,292
Cash paid to suppliers and employees	(5,309,197)	(3,789,682)
Net cash used in operating activities	(1,765,597)	(1,302,692)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	550	952
Net cash from investing activities	550	952
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid in part repayment US Government loan	(14,596)	-
Proceeds from the issue of ordinary shares	11,000,102	8,700,000
Cash paid to raise capital	(582,508)	(1,058,835)
Net cash from financing activities	10,402,998	7,641,165
Net increase in cash and cash equivalents	8,637,951	6,339,425
Effect on movements in exchange rates on foreign currency denominated cash at bank	59,028	(119,911)
Cash and cash equivalents at 1 July	3,421,881	1,357,647
Cash and cash equivalents at 31 December	12,118,860	7,577,161

The accompanying notes form part of these interim financial statements



1. REPORTING ENTITY

Hexima Limited (the “Company”) is a company domiciled in Australia. The address of the Company’s registered office is Level 4, LIMS 2, La Trobe University, Melbourne, Victoria, 3086. Hexima is actively engaged in the research and development of plant derived proteins and peptides for applications as human therapeutics.

The interim consolidated financial statement as at and for the six months ended 31 December 2021 is for the Company and its subsidiaries (together referred to as the consolidated entity or Group).

The consolidated annual financial report of the Group as at and for the year ended 30 June 2021 is available upon request from the Company’s registered office at Level 4, LIMS 2, LaTrobe University, Melbourne Victoria, 3086 or at www.hexima.com.au.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated interim financial report has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual consolidated financial report of the consolidated entity as at and for the year ended 30 June 2021.

The consolidated interim financial report was approved by the Board of Directors on 23 February 2022.

(b) Going concern basis of accounting

The half-year financial report is prepared on a going concern basis, which contemplates continuity of normal operations and the realisation of assets and settlement of liabilities in the ordinary course of operations. In making this assessment, the directors have considered future events and conditions for a period of at least 12 months following the approval of these half-year financial statements.

The Group has a history of losses and incurred a loss after tax of \$4,052,070 for the 6 months ended 31 December 2021 (financial year ended 31 December 2021: loss after tax of \$2,732,153) and has a current asset surplus of \$8,541,157 as at 31 December 2021 (30 June 2021: surplus of \$3,532,308).

Notwithstanding this and the history of operating losses, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis with regards to the following considerations:

- The Group expects that the majority of its research expenditure will continue to be eligible for the Australian Government’s research and development tax incentive rebate;
- The Group has not entered into any long-term contractual commitments and its major expenditure (R&D) can be curtailed in line with the cash resources available;
- As detailed at Note 9, subsequent to year end La Trobe University agreed to settle \$571,576 of current trade payables by conversion into ordinary equity;
- The Directors have prepared a cash flow forecast for the period from 1 January 2022 through to 30 June 2023. This forecast indicates the Group will be able to pay its debts as and when they become due and payable and should the results from the phase II trial not be positive, the Group can curtail expenditure to remain cash positive through the forecast period with existing cash reserves as at 31 December 2021.
- In the event that the phase II trials are positive, the Directors are confident of the ability of the Company to raise sufficient capital to fund its future operations.

The Group’s ability to continue to operate as a going concern is in part dependent upon the success of the



2. BASIS OF PREPARATION (continued)

(b) Going concern basis of accounting (continued)

phase II clinical trial for pezadeftide and the ability to secure additional funding or curtail its future expenditure (as outlined above), all of which are uncertain at the date of approval of these half-year financial statements. This gives rise to a material uncertainty as to whether the Group will be able to continue as a going concern. Should the Group be unable to continue as a going concern it may be required to realise assets at an amount different to that recorded in the statement of financial position, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the consolidated entity in these consolidated interim financial statements are the same as those applied by the consolidated entity in its consolidated annual financial statements as at and for the year ended 30 June 2021.

4. ESTIMATES

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

In preparing this interim financial report, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2021.

In assessing that the carrying value of its investment property is not impaired, the Group had regard to, amongst other information, a discounted cashflow analysis for the remaining useful life of the glasshouse of 7 years, assuming that the asset is re-leased at the expiry of the current lease term on similar terms and conditions. The discounted cash flow analysis utilised a discount rate of 20%.

5. FINANCIAL RISK MANAGEMENT

The Company’s financial risk management objectives and policies are consistent with that disclosed in the financial report as at and for the year ended 30 June 2021.

6. SEGMENT REPORTING

The Group primarily operates in one sector being the biotechnology industry developing and/or commercialising biotechnology research and therefore the Group’s financial information is the same as the operating segment information. The majority of operations are in Australia.

7. REVENUE

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
Government Grant – Other	-	81,500
Government – R&D Tax Incentive	2,147,998	1,351,065
Rental Income	198,090	195,936
	2,346,088	1,628,501



8. LOANS AND BORROWINGS

	Consolidated	
	31 Dec 2021	30 Jun 2021
Current	\$	\$
US Government Loan	17,400	31,996
	17,400	31,996

9. TRADE AND OTHER PAYABLES

	Consolidated	
	31 Dec 2021	30 Jun 2021
Current	\$	\$
Trade payables and other	5,438,703	2,678,680
Other payables and accrued expense	581,008	516,119
Rental income received in advance	99,045	99,045
	6,118,756	3,293,844

	31 Dec 2021	30 Jun 2021
Non-Current	\$	\$
Trade payable	-	1,616,758
	-	1,616,758

Economic Dependence:

The Group's major supplier is La Trobe University. The Group primarily depends on La Trobe for provision of research and development expenses including use of the latter's laboratory premises and equipment. Trade accounts and/or accruals payable to La Trobe University at 31 December 2021 is \$4,786,142 (31 December 2020: \$2,748,338).



9. TRADE AND OTHER PAYABLES (continued)

Terms and Repayment Schedule

	Currency	Interest rate	Maturity Date	31 Dec 2021		30 Jun 2021	
				Face Value	Carrying Amount	Face Value	Carrying Amount
Current							
Trade payable – deferred	AUD	0%	31/12/21	571,576	571,576	571,576	571,576
Trade payable – deferred	AUD	0%	31/12/22	1,648,776	1,648,776	1,616,758	1,616,758

At the end of 2020 the Group entered into an agreement with La Trobe University to defer the settlement of a trade payable incurred in the year ended 30 June 2020. The agreement provides that if an amount remains unpaid after the maturity dates noted above, the amount unpaid will, at the election of La Trobe University, be converted to fully paid ordinary shares in the Company. Subsequent to period end and effective 3 February 2022, the current portion of the deferred trade payable of \$571,576 with a maturity date of 31 December 2021, has been settled via an issue of 1,394,088 ordinary shares at an issue price of \$0.41.


10. CAPITAL AND RESERVES

Ordinary Shares	Number of shares		Amount	
	31 Dec 2021	30 Jun 2021	31 Dec 2021 \$	30 Jun 2021 \$
On Issue at period beginning	130,857,724	130,238,789	71,905,180	61,006,378
Issued via placement ⁽¹⁾	31,250,000	57,000,000	10,000,000	5,700,000
Issued via convertible note conversion ⁽²⁾	-	44,476,598	-	3,246,791
Total ordinary shares pre share consolidation	-	231,715,387	-	69,953,169
Total ordinary shares post 1:2 consolidation	-	115,857,724	-	69,953,169
Issue via public offer	-	15,000,000	-	3,000,000
Issued via share purchase plan ⁽³⁾	3,125,317	-	1,000,102	-
Capital raising costs	-	-	(637,420)	(1,047,989)
On issue at period end	165,233,041	130,857,724	82,267,862	71,905,180

1. Placement of 31,250,000 shares undertaken in two lots, 19,600,000 on 4 Nov 2021 and 11,650,000 on 8 December 2021. The 57,000,000 placement was completed in September 2020.
2. Convertible note conversion was completed in September 2020.
3. Share purchase plan was completed 26 November 2021.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Equity Option Reserve

The equity option reserve comprises the accumulated amount of share options issued to other parties not under compensation schemes.

	Number of options		Amount	
	As at 31 Dec 2021	As at 30 Jun 2021	As at 31 Dec 2021 \$	As at 30 Jun 2021 \$
On issue at period beginning	3,000,000	-	450,216	200,000
Issued	-	3,000,000	-	250,216
On issue at period end	3,000,000	3,000,000	450,216	450,216


10. CAPITAL AND RESERVES (continued)
Equity compensation reserve

The equity compensation reserve represents the accumulated amount of share options vested and to be vested to key management personnel and other personnel under compensation schemes.

	Number of options		Amount	
	As at 31 Dec 2021	As at 30 Jun 2021	As at 31 Dec 2021 \$	As at 30 Jun 2021 \$
On issue at period beginning	9,373,500	17,605,000	1,831,008	1,440,525
Options on issue Post Consolidation	9,373,500	8,802,500	1,831,008	1,440,525
Issued as compensation	2,928,500	7,117,500	246,190	390,483
Cancelled options	-	(5,452,500)	-	-
Lapsed options	(25,000)	(1,094,000) ¹	-	-
On issue at period end	12,277,000	9,373,500	2,077,198	1,831,008
Total Reserve at period end	15,277,000	12,375,000¹	2,527,414	2,281,224

Options issued during the period

During the period 1,377,500 options were issued to non-executive directors as remuneration for financial year 2021. 951,000 options were granted to executive directors and management as a long term incentive in respect of the financial year ended 30 June 2021. An initial grant of 600,000 options was made to incoming Chief Development Officer Nancy Sacco during the period.

No options were exercised for the six months ended 31 December 2021. The Company does not have authorised capital or par value in respect of its issued shares.



10. CAPITAL AND RESERVES (continued)

Share options on issue

Expiry Date	Exercise Price	Number of Share Options
12 February 2022	\$0.40	375,000
12 February 2022	\$0.16	662,500
31 December 2022	\$0.40	50,000
01 January 2023	\$0.40	500,500
01 January 2024	\$1.00	250,000
15 November 2024	\$1.00	143,000
15 December 2023	\$0.30	1,000,000
15 December 2023	\$0.40	1,000,000
15 December 2023	\$0.60	1,000,000
28 January 2025	\$1.00	250,000
14 October 2030	\$0.20	7,117,500
27 July 2031*	\$0.205	1,792,000
1 September 2031*	\$0.27	536,500
2 December 2031*	\$0.345	600,000
		15,277,000

*Issued during the period

11. EARNINGS PER SHARE

The Group's basic and diluted EPS are shown below:

	31 Dec 2021	31 Dec 2020
Net loss	(\$4,042,047)	(\$2,732,153)
Weighted average number of ordinary shares	139,041,666	92,988,549
Basic EPS (cents per share)	(2.91)	(2.94)
Diluted EPS (cents per share)	(2.91)	(2.94)

Diluted earnings per share is the same as Basic earnings per share as potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

12. CONTINGENCIES

Guarantee and Indemnification

The consolidated entity (in prior years) had an Institutional Biosafety Committee (IBC) to advise on certain aspects of the Company's field trial applications. The Company has agreed to indemnify, release and forever discharge the members of the IBC from and against any claim or liability, incurred by the members, arising in connection with the conduct of field trials and related applications being undertaken by the Company. The financial exposure from this arrangement is expected to be nil.



13. SHARE BASED PAYMENTS

At 31 December 2021, the Group had the following share-based payment arrangements. All options are to be settled by physical delivery of shares. Certain terms and conditions of the share options granted as at 31 December 2021 are as follows;

Grant date / parties entitled	Number of instruments	Vesting conditions	Expiry Date
Options granted 12 February 2017 to key management	375,000	Vesting upon continuous service until 31 December 2017	12 Feb 2022
Options granted 12 February 2017 to key management	662,500	Vesting on earlier of 25% at completion of each year post grant, or on completion of deal meeting specified criteria	12 Feb 2022
Options granted 1 January 2018 to key management	312,500	Vesting upon continuous service until 31 December 2018	1 Jan 2023
Options granted 1 January 2018 to other personnel	143,000	Vesting immediately	1 Jan 2023
Options granted 1 January 2018 to other personal	45,000	Vesting upon successful completion of various milestones	1 Jan 2023
Options granted 1 January 2018 to other personnel	50,000	Vesting upon completion and delivery of deliverables on 30 June 2019	1 Jan 2023
Options granted 1 January 2019 to key management	250,000	Vesting upon continuous service until 31 December 2019	1 Jan 2024
Options granted 15 November 2019 to other personnel	143,000	Vesting immediately	15 Nov 2024
Options granted 28 January 2020 to key management	250,000	Vesting upon retirement 22 September 2020	28 Jan 2025
Options granted 14 October 2020 to key management	1,750,000	Vesting upon continuous service until 14 October 2021	14 Oct 2030
Options granted 14 October 2020 to key management	4,892,500	25% vesting 14 October 2021, and in equal monthly instalments thereafter until 14 October 2024	14 Oct 2030
Options granted 14 October 2020 to key management	475,000	25% vesting 14 October 2021, and in equal monthly instalments thereafter until 14 October 2024	14 Oct 2030
Options granted 15 December 2020 to other party	3,000,000	Vesting immediately	15 Dec 2023
Options granted 14 September 2021 to key management	149,000	25% vesting 27 July 2022, and in equal monthly instalments thereafter until 27 July 2025	27 Jul 2031
Options granted 2 December 2021 to non-executive directors (1)	841,000	Vesting upon continuous service until 27 July 2022	27 Jul 2031
Options granted 2 December 2021 to executive directors (1)	802,000	25% vesting 27 July 2022, and in equal monthly instalments thereafter until 27 July 2025	27 Jul 2031
Options granted 2 December 2021 to non-executive director (2)	224,000	Vesting upon continuous service until 1 September 2022	1 Sep 2031
Options granted 2 December 2021 to non-executive director (2)	312,500	Vesting in 36 equal monthly tranches from 1 October 2021 until fully vested 1 September 2024	1 Sep 2031
Options granted 2 December 2021 to key management	600,000	25% vesting 2 December 2022, and in equal monthly instalments thereafter until 2 December 2025	2 Dec 2031
Total share options	15,277,000		

1. These options were granted by the Board 27 July 2021 subject to shareholder approval which was obtained 2 December 2021

2. These options were granted by the Board 1 September 2021 subject to shareholder approval which was obtained 2 December 2021

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using the Black Scholes Model. This model is generally used to calculate a theoretical price of an option on a stock that does not pay dividends using the five key variables of an option's price being the current spot price, future exercise price, volatility, time to expiration, and the risk-free interest rate.



13. SHARE BASED PAYMENTS (continued)

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans issued to key management personnel in the six months ended 31 December 2021 were;

Number of options	Spot price	Exercise price	Volatility	Time to expiration	Risk free rate
1,643,000	0.345	0.205	93%	10 years	1.68%
149,000	0.370	0.205	93%	10 years	1.22%
536,500	0.345	0.270	93%	10 years	1.68%
600,000	0.345	0.345	93%	10 years	1.68%

14. RELATED PARTIES

Share Options

The movement during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

31 December 2021	Held at 1 July 2021	Granted as compensation	Expired/ Lapsed	Held at 31 December 2021	Vested during the period	Vested and exercisable at 31 December 2021
Directors						
Jonathan West	1,000,000	393,000	-	1,393,000	1,000,000	1,000,000
Nicole van der Weerden	1,650,000	244,000	-	1,894,000	335,417	835,417
Marilyn Anderson AO (3)	250,000	36,000	-	286,000	36,458	161,458
Justin Yap	312,500	224,000	-	536,500	312,500	312,500
Scott Robertson	312,500	224,000	-	536,500	312,500	312,500
Michael Aldridge	2,750,000	522,000	-	3,272,000	802,083	802,083
Jason (Jake) Nunn (4)	-	536,500	-	536,500	26,042	26,042
Steven Skala AO (1)	125,000	-	-	125,000	125,000	125,000
Key Management						
Nancy Sacco (2)	-	600,000	-	600,000	-	-
Peter Welburn (2)	650,000	65,000	-	715,000	189,583	189,583
Helen Molloy	225,000	30,000	-	255,000	63,438	70,938
	7,275,000	2,874,500	-	10,149,500	3,203,021	3,835,521

1. Steven Skala is an alternate director for Scott Robertson, appointed 10 March 2020
2. Nancy Sacco was appointed Chief Development Officer 2 December 2021, replacing Peter Welburn in this position. Peter continues as a consultant.
3. Marilyn Anderson retired as a director 2 December 2021, however continues as Chief Science Officer
4. Jason (Jake) Nunn was appointed a director on 1 September 2021.


14. RELATED PARTIES (CONTINUED)
Share Options (continued)

31 December 2020	Held at 1 July 2020	Options post share consolidation	Cancelled	Granted as compensation	Expired/ Lapsed	Held at 31 December 2020	Vested during the period	Vested and exercisable at 31 December 2020
Directors								
Jonathan West	3,000,000	1,500,000	(1,500,000)	1,000,000	-	1,000,000	-	-
Nicole van der Weerden	1,500,000	750,000	(250,000)	1,150,000	-	1,650,000	-	375,000
Marilyn Anderson AO	250,000	125,000	-	125,000	-	250,000	-	62,500
John Bedbrook (3)	2,500,000	1,250,000	-	-	(750,000)	500,000	125,000	500,000
G F Dan O'Brien (3)	1,250,000	625,000	-	-	(125,000)	500,000	125,000	500,000
Justin Yap	625,000	312,500	(312,500)	312,500	-	312,500	-	-
Scott Robertson	1,350,000	675,000	(675,000)	312,500	-	312,500	-	-
Michael Aldridge	5,000,000	2,500,000	(2,500,000)	2,750,000	-	2,750,000	-	-
Steven Skala AO (1)	250,000	125,000	(125,000)	125,000	-	125,000	-	-
Key Management								
Peter Welburn (2)	-	-	-	650,000	-	650,000	-	-
Helen Molloy	75,000	37,500	(30,000)	217,500	-	225,000	-	7,500
	15,800,000	7,900,000	(5,392,500)	6,642,500	(875,000)	8,275,000	250,000	1,445,000

1. Steven Skala is an alternate director for Scott Robertson, appointed 10 March 2020
2. Peter Welburn was appointed Chief Development Officer 1 October 2020
3. John Bedbrook and GF Dan O'Brien retired as directors on 22 September 2020



14. RELATED PARTIES (CONTINUED)

Movement in shares

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows

31 December 2021	Held at 1 July 2021	Purchases	Transfer	Received on exercise of options	Held at 31 December 2021
Directors					
Jonathan West	3,000,000	-	-	-	3,000,000
Marilyn Anderson AO ⁽¹⁾	2,280,548	-	-	-	2,280,548
Nicole van der Weerden	144,700	-	-	-	144,700
Justin Yap ⁽²⁾	-	-	-	-	-
Scott Robertson	-	-	-	-	-
Michael Aldridge	-	-	-	-	-
Jason (Jake) Nunn ⁽⁵⁾	-	93,750	-	-	93,750
Steven Skala AO ⁽³⁾	5,480,029	312,500	-	-	5,792,529
Key Management					
Nancy Sacco ⁽⁴⁾	-	-	-	-	-
Peter Welburn ⁽⁴⁾	-	-	-	-	-
Helen Molloy	78,500	-	-	-	78,500
	10,983,777	406,250	-	-	11,390,027

1. Marilyn Anderson retired as a director 2 December 2021, and continues as Chief Science Officer.
2. A related party of Justin Yap holds 17,684,540 shares.
3. Steven Skala is the Alternate Director for Scott Robertson, appointed 10 March 2020.
4. Nancy Sacco replaces Peter Welburn as Chief Development Officer. Peter continues as a consultant.
5. Jason (Jake) Nunn was appointed director 1 September 2021.


14. RELATED PARTIES (CONTINUED)
Movement in shares (continued)

31 December 2020	Held at 1 July 2020	Purchases CN conversion and. placement	Transfer	Shares held post Consolidation	Held at 31 December 2020
Directors					
Jonathan West	4,000,000	2,000,000	-	3,000,000	3,000,000
Marilyn Anderson AO	4,061,096	500,000	-	2,280,548	2,280,548
Nicole van der Weerden	214,400	75,000	-	144,700	144,700
John Bedbrook ⁽³⁾	500,000	-	-	250,000	250,000
G F Dan O'Brien ⁽³⁾	15,035,894	15,282,811	(1,000,000)	14,659,353	14,659,353
Justin Yap ⁽¹⁾	-	-	-	-	-
Scott Robertson	-	-	-	-	-
Michael Aldridge	-	-	-	-	-
Steven Skala AO ⁽²⁾	6,667,947	4,292,109	-	5,480,029	5,480,029
Key Management					
Peter Welburn ⁽⁴⁾	-	-	-	-	-
Helen Molloy	32,000	125,000	-	78,500	78,500
	30,511,337	22,274,920	(1,000,000)	25,893,130	25,893,130

(1) A related party of Justin Yap holds 14,715,790 shares.

(2) Steven Skala is the Alternate Director for Scott Robertson, appointed 10 March 2020.

(3) G F Dan O'Brien and John Bedbrook retired from the Board on 22 September 2020.

(4) Peter Welburn was appointed Chief Development Officer 1 October 2020 and retired 1 December 2021

Other related parties
Other key management personnel disclosures with the Company

- a) Professor Anderson and Dr van der Weerden are employees of La Trobe University. During the course of the six months ended 31 December 2021 the total expense incurred by Hexima to La Trobe University was \$1,038,318 (six months to December 31 2020: \$950,485). Amounts (including GST) totalling \$nil (Dec 2020: \$115,500) were paid by Hexima to La Trobe University for research work carried out on behalf of the Company. These transactions were conducted on normal commercial terms. Trade accounts and/or accruals payable to La Trobe University at 31 December 2021 were \$4,786,142 (Dec 2020: \$2,748,338).

DIRECTORS' DECLARATION



- 1) In the opinion of the Directors of Hexima Limited ("the Company"):
 - a) the interim consolidated financial statements and notes, set out on pages 8 to 24, are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the six month period ended on that date; and
 - ii) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne 23rd day of February, 2022.

Signed in accordance with a resolution of the Directors:

Mr Michael Aldridge
Chief Executive Officer and Managing Director

Dr Nicole van der Weerden
Chief Operating Officer and Executive Director



Independent Auditor's Review Report

To the shareholders of Hexima Limited

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Hexima Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Hexima Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for the **Interim Period** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial** Report comprises:

- Consolidated statement of financial position as at 31 December 2021.
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date.
- Notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Hexima Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Material uncertainty related to going concern

We draw attention to Note 2(b), "Going concern basis of accounting" in the Interim Financial Report. The events or conditions disclosed in Note 2(b), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Interim Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Adrian Nathanielsz

Partner

Melbourne

23 February 2022