

HEXIMA LIMITED
ASX ANNOUNCEMENT



28 February 2023

APPENDIX 4D AND INTERIM FINANCIAL REPORT

MELBOURNE, AUSTRALIA (28 February 2023): 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 2022.

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

Enquiries:

Leanne Ralph
Company Secretary
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 2022.
ASX listing rule 4.2A.3.**

Reporting period

Reporting period: 31 December 2022

Previous corresponding period: 31 December 2021

The 31 December 2022 Interim Consolidated Financial Report should be read in conjunction with the 2022 Annual Report.

Results for announcement to the market

		31 Dec 2022	31 Dec 2021	
		\$ '000	\$ '000	% Change
Revenue from ordinary activities	Decreased	1,353	2,346	(42%)
Loss from ordinary activities before tax	Decreased	1,550	4,052	(62%)
Loss from ordinary activities after tax	Decreased	1,550	4,052	(62%)

An explanation of the figures within this table are contained in the Directors Report of the 31 December 2022 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 2022	31 Dec 2021
	Cents	Cents
Net tangible asset per security (including right-of-use assets)	1.87	5.81

Commentary on the results of the period

Refer to the 31 December 2022 Interim Consolidated Financial Report attached.

Status of Audit

The independent auditor's report is contained within the 31 December 2022 Interim Consolidated Financial Report. It is unmodified.



Hexima Limited

ABN 64 079 319 314

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six months ended 31 December 2022



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Corporate directory

Directors

Mr Michael Aldridge	Non-Executive Director
Prof Jonathan West	Non-Executive Chairman
Dr Nicole van der Weerden	Non-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
Corporate One, 84 Hotham Street,
Preston, Victoria 3072, 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' Report

DIRECTORS

The Directors of Hexima Limited (the "Company") at any time during or since the end of the 6-month period ended 31 December 2022 (the "Interim Period") are:

Non-Executive

Mr Michael Aldridge	Executive Director	Director since 21 May 2019. Resigned as Chief Executive Officer and Managing Director on 2 August 2022 and became a Non-Executive Director at that time
Dr Nicole van der Weerden	Executive Director	Director since 16 December 2014. Resigned as Acting Chief Operating Officer and Executive Director 31 December 2022 and became a Non-Executive Director at that time
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

Hexima recorded a loss of \$1,550,475 for the six months ended 31 December 2022, compared to a loss of \$4,052,070 for the previous corresponding period. This reduced loss largely reflects the wind down of its research and development operations during the period.

There was a net cash outflow for the six months of \$1,329,184 compared with a net cash inflow of \$8,637,951 in the prior corresponding period.

In December 2022, Hexima received an R&D tax incentive refund of \$6,011,091 (2021: \$3,324,516) and used this to settle outstanding research and development debts. Significantly, Hexima formally terminated its Research Services Agreement with La Trobe University (LTU) and paid all outstanding liabilities. Under the terms of a final settlement agreement with LTU, Hexima's outstanding liabilities were reduced by \$980,000 in exchange for LTU's agreement to acquire the glasshouse facility and various laboratory plant and equipment from Hexima. This acquisition is subject to a deed of surrender of a lease over the land on which the glasshouse stands which has yet to be executed. Therefore the \$980,000 has been recognised as a contract liability at 31 December 2022, pending the completion of this transaction in March 2023.



As at 31 December 2022, the Group had \$3,322,858 in cash and receivables (30 June 2022: \$9,764,224).

Review of operations

In June 2022, Hexima received the results of its phase II clinical trial (HXP124-ONY-002) assessing pezadeftide as a topical treatment for onychomycosis. The results seen in this study did not correlate with results observed in its prior phase I study (HXP124-ONY-001) and did not support moving into a phase III program with pezadeftide.

As a consequence of the clinical trial results for pezadeftide, Hexima determined to wind down its development program of pezadeftide for the treatment of onychomycosis in an orderly fashion and make no further significant investment.

During the reporting period, Hexima wound down its pezadeftide development program, terminated all contracts with research service providers and made all employees redundant. Through this process, Hexima has preserved the intellectual property relating to pezadeftide.

Hexima's ongoing strategy is to actively explore opportunities for transactions with third parties which could enable the potential value of the Company's assets, including its intellectual property and other intangible assets, to be realised. The Board continues to advance this goal of maximizing shareholder value through a transaction, supported by the Company's contract Company Secretary and contract Chief Financial Officer.

Management changes

In line with the Company's decision to wind down its pezadeftide program and manage expenses, Hexima's Chief Executive Officer, Mr Michael Aldridge, resigned from his executive role on 2 August 2022. Hexima's Chief Operating Officer, Dr Nicole van der Weerden, assumed the role of Acting Chief Executive Officer and subsequently resigned from this role on 31 December 2022. Both Mr Aldridge and Dr van der Weerden have continued as Non-Executive Directors of the Company and continue to support Hexima through the transition period.

Subsequent events

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 2022.

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

Professor Jonathan West
Non-Executive Chairman

Dr Nicole van der Weerden
Non-Executive Director

Dated this 28th February 2023



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 2022 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.

KPMG

Adrian Nathanielsz
Partner
Melbourne
28 February 2023



INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

		Consolidated	
		31 Dec 2022	31 Dec 2021
		\$	\$
	Notes		
Revenue			
Lease income	7	205,023	198,090
Government grants	7	1,147,554	2,147,998
		1,352,577	2,346,088
Expenses			
Research and development		(868,393)	(4,687,716)
Patent and legal		(16,304)	(202,440)
Marketing and business development		(48,161)	(77,769)
Employee remuneration and benefits		(1,583,971)	(1,066,103)
Depreciation		(11,442)	(71,849)
Other		(390,228)	(302,972)
		(2,918,499)	(6,408,849)
Results from operating activities		(1,565,922)	(4,062,761)
Finance income		48,747	42,161
Finance expense		(33,300)	(31,470)
Net finance income		15,447	10,691
Loss before income tax		(1,550,475)	(4,052,070)
Income tax expense		-	-
Loss for the period		(1,550,475)	(4,052,070)
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive loss for the period		(1,550,475)	(4,052,070)
Loss attributable to:			
Owners of the Company		(1,550,475)	(4,052,070)
Loss for the period		(1,550,475)	(4,052,070)
Total comprehensive loss attributable to:			
Owners of the Company		(1,550,475)	(4,052,070)
Total comprehensive loss for the period		(1,550,475)	(4,052,070)
Earnings per share:			
Basic and diluted loss per share (cents)	10	(0.93)	(2.91)

The accompanying notes form part of these interim financial statements



INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	Consolidated	
		31 Dec	30 Jun
		2022	2022
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		2,627,251	3,957,263
Receivables		695,607	5,806,961
Assets held for sale		977,926	883,288
TOTAL CURRENT ASSETS		4,300,784	10,647,512
NON-CURRENT ASSET			
Plant and equipment		-	106,117
TOTAL NON-CURRENT ASSET		-	106,117
TOTAL ASSETS		4,300,784	10,753,629
CURRENT LIABILITIES			
Trade and other payables	8	1,163,908	5,843,310
Employee benefits		5,104	344,421
TOTAL CURRENT LIABILITIES		1,169,012	6,187,731
NON-CURRENT LIABILITY			
Trade and other payables		-	-
TOTAL NON-CURRENT LIABILITY		-	-
TOTAL LIABILITIES		1,169,012	6,187,731
NET ASSETS		3,131,772	4,565,898
EQUITY			
Issued capital	9	82,880,964	82,884,622
Reserves		2,962,868	2,842,861
Accumulated losses		(82,712,060)	(81,161,585)
TOTAL EQUITY		3,131,772	4,565,898

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 2022</i>	Note	Ordinary Shares	Equity option reserve	Equity compensation reserve	Accumulated Losses	Total equity
		\$	\$	\$	\$	\$
Opening balance at 1 July 2022		82,884,622	450,216	2,392,645	(81,161,585)	4,565,898
Net (loss) for the period		-	-	-	(1,550,475)	(1,550,475)
Total comprehensive (loss) for the period		-	-	-	(1,550,475)	(1,550,475)
Transactions with owners recorded directly in equity						
Issue of ordinary shares		-	-	-	-	-
Capital raising costs		(3,658)	-	-	-	(3,658)
Equity settled share-based payment transactions	9	-	-	120,007	-	120,007
Total transaction with owners		(3,658)	-	120,007	-	116,349
Balance at 31 December 2022		82,880,964	450,216	2,512,652	(82,712,060)	3,131,772

<i>For the six months ended 31 December 2021</i>	Note	Ordinary Shares	Equity option reserve	Equity compensation 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		-	-	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

The accompanying notes form part of these interim financial statements



INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from government grants and tax incentive	6,011,091	3,324,516
Cash receipts from leased property	225,525	219,084
Cash paid to suppliers and employees	(7,578,419)	(5,309,197)
Net cash used in operating activities	(1,348,103)	(1,765,597)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	16,277	550
Net cash from investing activities	16,277	550
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
Cash paid to raise capital	(3,658)	(582,508)
Net cash (used in) / from financing activities	(3,658)	10,402,998
Net (decrease) / increase in cash and cash equivalents	(1,329,184)	8,637,951
Effect on movements in exchange rates on foreign currency denominated cash at bank	(828)	59,028
Cash and cash equivalents at 1 July	3,957,263	3,421,881
Cash and cash equivalents at 31 December	2,627,251	12,118,860

The accompanying notes form part of these interim financial statements



NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Hexima Limited (the “Company”) is a company domiciled in Australia. The address of the Company’s registered office is Corporate One, 84 Hotham Street, Preston, Victoria 3072.

The interim consolidated financial report as at and for the six months ended 31 December 2022 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 2022 is available upon request from the Company’s registered office at Corporate One, 84 Hotham Street, Preston, Victoria 3072 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 2022.

The consolidated interim financial report was approved by the Board of Directors on 28 February 2023.

(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 \$1,550,475 for the 6 months ended 31 December 2022 (half-year ended 31 December 2021: loss after tax of \$4,052,070) and had a current asset surplus of \$3,131,772 at 31 December 2022 (30 June 2022: surplus of \$4,459,781).

Notwithstanding these results, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis based on the following mitigating factors:

- The Directors have prepared a cash flow forecast for the period from 1 January 2023 through to 30 June 2024. This forecast indicates the Group has sufficient capital to meet its expected liabilities through this period, and enable time to explore strategic options for the Group;
- The Group is actively exploring opportunities for transactions with third parties which could enable the value of the Group’s assets, including its intellectual property and other intangible assets, to be realised. These may include acquisitions or mergers. As opportunities are identified, the Group is entering into preliminary discussions with relevant parties. However, given the early stage of development of these opportunities, there can be no certainty that a transaction will proceed, or an agreement will be reached on terms acceptable to the directors and the Company’s shareholders.

If the Group does not raise capital to redirect research activities or identify and complete an acceptable transaction, the directors may commence a planned wind-down of its remaining operations. However, until that decision is made it is appropriate to prepare these financial statements on going concern basis.

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 2022.

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 that applied to the financial report as at and for the year ended 30 June 2022 also applied to this period.

In addition, the R&D tax incentive is determined by reference to Hexima Limited's base tax rate. The incentive in respect of eligible expenditure for the current period has been calculated at a rate of 43.5%, which is management's best estimate at period end. However, this rate cannot be definitively confirmed until 30 June 2023.

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 2022.

6. SEGMENT REPORTING

The Group primarily operated 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 were in Australia.

7. REVENUE

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Government Grant – Other	-	-
Government – R&D Tax Incentive	1,147,554	2,147,998
Rental Income	205,023	198,090
	<u>1,352,577</u>	<u>2,346,088</u>



8. TRADE AND OTHER PAYABLES

	Consolidated	
	31 Dec 2022	30 Jun 2022
Current	\$	\$
Trade payables and other	101,101	4,774,025
Other payables and accrued expense	82,807	966,774
Contract liability **	980,000	-
Rental income received in advance	-	102,511
	1,163,908	5,843,310

** While a heads of agreement to sell the glasshouse and equipment for \$980,000 was signed with La Trobe University (LTU) prior to 31 December 2022 and the proceeds of the proposed sale included in the settlement of outstanding liabilities to LTU, the sale is contingent upon the execution of a deed of surrender of the lease of the land on which the glasshouse stands, and while this deed has been drafted it has not yet been signed as at the date of signing the financial statements. Accordingly, the Group continues to recognise assets held for sale of \$977,926 and the liability to LTU of \$980,000, whereby the assets held for sale will be sold to LTU in settlement of this liability.

9. CAPITAL AND RESERVES

Ordinary Shares	Number of shares		Amount	
	31 Dec 2022	30 Jun 2022	31 Dec 2022 \$	30 Jun 2022 \$
On Issue at period beginning	167,039,629	130,857,724	82,884,622	71,905,180
Issued via placement ⁽²⁾	-	31,250,000	-	10,000,000
Issued via share purchase plan ⁽³⁾	-	3,125,317	-	1,000,102
Issued via reduction in debt	-	1,394,088	-	571,576
Issued via exercise of options	-	412,500	-	66,000
Capital raising costs	-	-	(3,658)	(658,236)
On issue at period end	167,039,629	167,039,629	82,880,964	82,884,622

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.
2. 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.



9. CAPITAL AND RESERVES (continued)

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 2022	As at 30 Jun 2022	As at 31 Dec 2022 \$	As at 30 Jun 2022 \$
On issue at period beginning	3,000,000	3,000,000	450,216	450,216
Issued during the period	-	-	-	-
On issue at period end	3,000,000	3,000,000	450,216	450,216

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 2022	As at 30 Jun 2022	As at 31 Dec 2022 \$	As at 30 Jun 2022 \$
Options on issue	12,439,500	9,373,500	2,392,645	1,831,008
Issued as compensation	-	4,128,500	120,007	561,637
Exercise of share options	-	(412,500)	-	-
Cancelled options	-	-	-	-
Lapsed options	(7,063,000)	(650,000)	-	-
On issue at period end	5,376,500	12,439,500	2,512,652	2,392,645
Total Equity Reserves at period end	8,376,500	15,439,500	2,962,868	2,842,861

Option movements during the period

During the period 7,063,000 options lapsed upon employee terminations. No options were issued or exercised during the period.

The Company does not have authorised capital or par value in respect of its issued shares.



9. CAPITAL AND RESERVES (continued)

Share options on issue

Expiry Date	Exercise Price	Number of Share Options
01 January 2023	\$0.40	322,500
15 December 2023	\$0.30	1,000,000
15 December 2023	\$0.40	1,000,000
15 December 2023	\$0.60	1,000,000
01 January 2024	\$1.00	250,000
15 November 2024	\$1.00	32,500
28 January 2025	\$1.00	250,000
14 October 2030	\$0.20	2,900,000
27 July 2031	\$0.205	1,085,000
1 September 2031	\$0.27	536,500
		8,376,500

10. EARNINGS PER SHARE

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

	31 Dec 2022	31 Dec 2021
Net loss	(\$1,550,475)	(\$4,052,070)
Weighted average number of ordinary shares	167,039,629	139,041,666
Basic EPS (cents per share)	(0.93)	(2.91)
Diluted EPS (cents per share)	(0.93)	(2.91)

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.

11. 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.



12. SHARE BASED PAYMENTS

At 31 December 2022, 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 2022 are as follows;

Grant date / parties entitled	Number of instruments	Vesting conditions	Expiry Date
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	10,000	Vesting immediately	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	32,500	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	1,150,000	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 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 director (1)	244,000	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
Total share options	8,376,500		

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. 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 2022	Held at 1 July 2022	Granted as compensation	Expired/ Lapsed	Held at 31 December 2022	Vested during the period	Vested and exercisable at 31 December 2022
Directors						
Jonathan West	1,393,000	-	-	1,393,000	393,000	1,393,000
Nicole van der Weerden (2)	1,394,000	-	-	1,394,000	230,167	709,334
Marilyn Anderson AO (2)	161,000	-	(161,000)	-	-	-
Justin Yap	536,500	-	-	536,500	224,000	536,500
Scott Robertson	536,500	-	-	536,500	224,000	536,500
Michael Aldridge	3,272,000	-	(3,272,000)	-	-	-
Jason (Jake) Nunn	536,500	-	-	536,500	276,083	354,208
Steven Skala AO (1)	125,000	-	-	125,000	-	125,000
Key Management (2)						
Nancy Sacco	600,000	-	(600,000)	-	-	-
Peter Welburn	715,000	-	(715,000)	-	-	-
Phillip Rose	700,000	-	(700,000)	-	-	-
Helen Molloy	255,000	-	(255,000)	-	-	-
	10,224,500	-	(5,703,000)	4,521,500	1,347,250	3,654,542

1. Steven Skala is an alternate director for Scott Robertson, appointed 10 March 2020
2. All Key Management staff and Marilyn Anderson AO and Nicole van der Weerden were made redundant during the six months ended 31 December 2022



13. RELATED PARTIES (continued)

Share Options (continued)

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 (2)	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 (3)	-	536,500	-	536,500	26,042	26,042
Steven Skala AO (1)	125,000	-	-	125,000	125,000	125,000
Key Management						
Nancy Sacco		600,000	-	600,000	-	-
Peter Welburn	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. Marilyn Anderson retired as director on 2 December 2021, however continued as Chief Science Officer until her redundancy on 6 October 2022.
3. Jason (Jake) Nunn was appointed director on 1 September 2021.



13. 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 2022	Held at 1 July 2022	Purchases	Transfer	Received on exercise of options	Held at 31 December 2022
Directors					
Jonathan West	3,000,000	-	-	-	3,000,000
Nicole van der Weerden ⁽⁴⁾	394,700	-	-	-	394,700
Justin Yap ⁽²⁾	-	-	-	-	-
Scott Robertson	-	-	-	-	-
Michael Aldridge ⁽⁴⁾	-	-	-	-	-
Jason (Jake) Nunn	93,750	-	-	-	93,750
Steven Skala AO ⁽³⁾	5,792,529	-	-	-	5,792,529
Key Management ⁽⁴⁾					
Marilyn Anderson AO ^{(1) (4)}	2,405,548	-	-	-	2,405,548
Nancy Sacco	-	-	-	-	-
Peter Welburn	-	-	-	-	-
Helen Molloy	78,500	-	-	-	78,500
	11,765,027	-	-	-	11,765,027

1. Marilyn Anderson retired as a director 2 December 2021, and continued as Chief Science Officer until her redundancy on 6 October 2022.
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. All Key Management staff and Michael Aldridge and Nicole van der Weerden were made redundant during the six months ended 31 December 2022



13. RELATED PARTIES (continued)

Movement in shares (continued)

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 continued as Chief Science Officer until her redundancy on 6 October 2022.

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

(5) Jason (Jake) Nunn was appointed director 1 September 2021.

Other related parties

Other key management personnel disclosures with the Company

- a) Professor Anderson is an employee of La Trobe University and Dr van der Weerden was an employee of that entity until 15 August 2022. During the six months ended 31 December 2022 the total expense incurred by Hexima to La Trobe University was \$603,720 (six months to 31 December 2021: \$1,038,318).



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 7 to 20, 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 2022 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 28th February, 2023.

Signed in accordance with a resolution of the Directors:

Professor Jonathan West
Non-Executive Chairman

Dr Nicole van der Weerden
Non-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 accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2022 and 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 2022.
- 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 13 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.



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 2022 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 an 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

28 February 2023