

HEXIMA LIMITED

ASX ANNOUNCEMENT



31 August 2023

ANNUAL REPORT

MELBOURNE, AUSTRALIA (31 August 2023): Hexima Limited (ASX:HXL) provides the attached Annual Report for the year ended 30 June 2023.

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

Enquiries:

Leanne Ralph

Company Secretary

info@hexima.com.au

Hexima Limited

FINANCIAL REPORT

For the year ended 30 June 2023

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CORPORATE DIRECTORY

Directors

Mr Justin Yap
Professor Jonathan West
Dr Nicole van der Weerden

Mr Michael Aldridge
Mr Scott Robertson
Mr Jason (Jake) Nunn
Mr Steven Skala

Acting Non-Executive Chairman
Chairman (deceased 29th July 2023)
Non-Executive Director (Executive Director and Acting CEO from 2 August until 31 December 2022)
Non-Executive Director (Executive Director and CEO until 1 August 2022)
Non-Executive Director
Non-Executive Director
Non-Executive Director (Alternate) – resigned 11 May 2023

Company Secretary

Ms Leanne Ralph

Registered Office

Hexima Limited
Corporate One, 84-90 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

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement is current at 30 June 2023 and can be found on the Company's website:

<https://hexima.com.au/investor-centre/corporate-governance/>

The Corporate Governance statement was approved by the Board of Directors on 24th August 2023.

DIRECTORS' REPORT

The Directors present their report together with the financial report of Hexima Limited ("the Company" or "Hexima") and of the Group, being the Company and its subsidiaries for the financial year ended 30 June 2023 and the auditor's report thereon.

DIRECTORS

The Directors of Hexima at any time during or since the end of the financial year are:

Professor Jonathan West BA (University of Sydney), PhD (Harvard University)

Non-Executive Chairman (deceased 29 July 2023)

Professor Jonathan West was the founding Director of the Australian Innovation Research Centre. Prior to assuming that appointment, he taught for 18 years at the Harvard University Graduate School of Business Administration, where he was Associate Professor, founding Director of the Harvard University Life Sciences Initiative, and from 1998-1999 the Novartis Faculty Research Fellow. He had been Visiting Professor at Hitotsubashi University and the Nomura School of Advanced Management in Tokyo, Japan and Visiting Professor at the University de Paris IX-Dauphine, Sorbonne.

Professor West was Chairman of the Asia Advisory Council of Bunge Ltd, one of the world's largest agribusiness processing and trading companies and had served as an advisor to other major corporations and several Governments around the world, including in the life sciences field, DuPont, Roche, Novartis, Syngenta and the J.R. Simplot Company, along with the Governments of Singapore, Japan, Hong Kong and France. He was a member of the Scientific Advisory Board of the Novartis Agricultural Discovery Institute in La Jolla, California. In Australia, he had served on the Prime Minister's Science, Engineering, Innovation Council's Working Group on Science and Technology in China and India and in 2006 was 'Eminent Thinker in Residence' with the Premier of NSW. Professor West was Non-Executive Chairman of Gowing Bros Limited and Non-Executive Director of Cobram Estate Olives Limited and the Tasmanian Artisans Collection.

Professor West was a Director of the Company from 7 November 2005 until his death on 29 July 2023. He was appointed Non-Executive Chairman on 18 November 2014 and was a member of the Remuneration and Nomination Committee and Chairman of the Audit and Risk Management Committee.

Michael Aldridge BSc (Hons) (University of Canterbury), M.A. Applied Finance (Macquarie University)

Non-Executive Director

Mr Aldridge is currently the Chief Executive Officer of Focal Medical Inc, and has held this role since November 2022. He served as Senior Vice President, Corporate & Strategic Development, Codexis from October 2016 until August 2018. Prior to that, from January 2012 to September 2014, Mr. Aldridge served as Senior Vice President, Corporate Strategic Development Questcor Pharmaceuticals, Inc., a publicly-traded biopharmaceutical company acquired by Mallinckrodt Pharmaceuticals in 2014. From May 2010 to September 2012, Mr. Aldridge served as Chief Executive Officer and a member of the board of directors Xenome Limited, a privately-held biopharmaceutical company headquartered in Australia.

Between 2003 and 2009, Mr. Aldridge served as Chief Executive Officer and a member of the board of directors and a strategic consultant at Peplin, Inc., a publicly-traded drug development company acquired by LEO Pharma A/S in 2009. Prior to that, Mr. Aldridge held investment banking positions at various financial firms, including Wilson HTM Investment Group, Bear, Stearns & Co., Volpe, Brown, Whelan & Company and S.G. Warburg Group. Mr. Aldridge received a B.S. with honours in Chemistry from the University of Canterbury in Christchurch, New Zealand and an M.A. in Applied Finance from Macquarie University in Sydney, Australia.

Mr Aldridge was Chief Business Officer of Hexima between May 2019 and September 2020 and was appointed Chief Executive Officer in September 2020. Mr Aldridge has been a Director of the Company since 21 May 2019. Mr Aldridge stepped down from his role as Chief Executive Officer and Managing Director on 1 August 2022 but remains a Non-Executive Director.

Dr. Nicole van der Weerden BSc, PhD (La Trobe University)

Non-Executive Director

Dr. Nicole van der Weerden completed her PhD in Biochemistry at La Trobe University in 2007 and is currently Chief Operating Officer at Arovella Therapeutics Limited. Her PhD research on the antifungal properties and mechanism of action of plant defensins led to the award of a prestigious Victoria Fellowship in 2006. Since completing her PhD, Dr. van der Weerden has worked for Hexima and has led the gene discovery program for the Pioneer partnership on

DIRECTORS' REPORT

control of fungal diseases in corn. She led the Hexima team that identified the clinical opportunities for plant antifungal molecules and discovered and developed pezadeftide (formerly HXP124) for treatment of onychomycosis. Dr. van der Weerden is an inventor on nine patent applications.

Dr. van der Weerden completed a Master of Business Administration in 2013 at Melbourne Business School and is a graduate of the Australian Institute of Company Directors. She was Hexima's Chief Executive Officer from December 2015 until September 2020, and was the Chief Operating Officer from September 2020 to 31 July 2022 and Acting Chief Executive Officer from 1 August 2022 to 31 December 2022.

Dr. van der Weerden has been a Director of the Company since 16 December 2014.

Justin Yap BCom (University of New South Wales)

Non-Executive Director

Mr Yap is a Non-Executive Director of Wilhelm Integrated Solutions Pty Ltd, a leading supplier of integrated OR solutions to hospitals around Australia. Prior to this, he began his career in investment banking for Mosaic Risk Management Pty Ltd, a wholly owned subsidiary of Wilson HTM Limited specialising in derivatives risk management. He is a member of the Remuneration and Nomination Committee and the Audit and Risk Management Committee.

Mr Yap has been a Director since 17 July 2018 and is currently Acting Chairman

Scott Robertson BSBA (University of Southern California), MBA (University of California)

Non-Executive Director

Mr. Robertson is currently Chief Business & Financial Officer at DICE Therapeutics, Inc. Prior to DICE Therapeutics, Inc, Mr. Robertson served at DuPont where he was Business Development Director for DuPont Pioneer with responsibility for the business unit's crop genetics and precision agriculture M&A activity. He also held the position of portfolio manager with DuPont Ventures where he focused on strategic investment opportunities in production agriculture and the intersection of agriculture and downstream renewable technologies. Prior to joining DuPont, Mr. Robertson was an investment professional at MPM Capital, a life sciences-dedicated venture capital fund, and previous to that a member of the Healthcare Investment Banking groups at Merrill Lynch & Co. and Thomas Weisel Partners. He received a Bachelor of Science in Business Administration from the University of Southern California and an M.B.A. from the Haas School of Business at the University of California, Berkeley.

Mr Robertson has been a Director since 21 November 2018, and is a member of the Audit and Risk Management Committee and Chairman of the Remuneration and Nomination Committee.

Jason (Jake) Nunn AB (Economics, Dartmouth College), MBA (Stanford Graduate School)

Non-Executive Director

Mr. Nunn has more than 25 years' experience in the life science industry as an investor, independent director, research analyst and investment banker. He is currently a venture partner at SR One Capital Management, and an independent advisor to several life science companies. Previously he was a venture advisor at New Enterprise Associates (NEA), where he was an investing partner from 2006 to 2018 focused on the biopharmaceutical and medical technology sectors. Mr. Nunn founded NEA's public market healthcare investing practice in 2006 and led NEA to become one of the most active anchor investors in small-cap public biopharma special situations/PIPE investing over the last decade. Prior to NEA, Mr Nunn was Partner at MPM Capital, South San Francisco, California. Mr. Nunn is a director of public companies Regulus Therapeutics Inc, Trevena Inc, and Addex Therapeutics Ltd. He was previously a director of several companies in the pharmaceutical sector including Dermira Inc. (acquired by Eli Lilly) and Hyperion Therapeutics (acquired by Horizon Pharma plc).

Mr Nunn was appointed Director 1 September 2021.

Steven M Skala AO BA, LL.B (Hons) (University of Qld), BCL (University of Oxford)

Non-Executive Alternate Director

Steven Skala is Vice Chairman, Australia of Deutsche Bank AG and is Chairman of the Clean Energy Finance Corporation. Between 1982 and 2004, he was a Partner of Australian law firms, Morris Fletcher & Cross (now Minter Ellison) and Arnold Bloch Leibler.

Active beyond banking and commerce, Mr Skala is Chairman of the Heide Museum of Modern Art, a Director of the Centre for Independent Studies and a Member of the International Council of the Museum of Modern Art (MoMA) in

DIRECTORS' REPORT

New York He was appointed an Officer of the Order of Australia in January 2010 for service to the arts, education, business and commerce.

Mr Skala was appointed Alternate Director for Mr Scott Robertson on 10 March 2020 and resigned from this role on 11 May 2023. He had been a Director of the Company previously from 17 May 2002 until 31 December 2015, and had been Chairman of the Company for 7 years during this time.

Key Management

Ms Leanne Ralph – Company Secretary

Ms Ralph was appointed as Company Secretary 6 October 2021. She is an experienced Company Secretary with over 16 years in this field and holds this position for a number of ASX-listed entities. Ms Ralph is a fellow of the Governance Institute of Australia and a Graduate Member of the Australian Institute of Directors.

Professor Marilyn Anderson AO BSc (Hons) (The University of Melbourne), PhD (La Trobe University)

Chief Science Officer

Professor Marilyn Anderson AO is a founding scientist of Hexima. She has over 40 years' experience in scientific research in the area of biochemistry and genetics. After completing a BSc Honours at The University of Melbourne and a PhD in Biochemistry at La Trobe University, Professor Anderson spent seven years in the United States working on diabetes at the University of Miami Florida, and molecular biology at Cold Spring Harbor Laboratory NY. She is an expert on antifungal and insecticidal molecules produced by plants. She is a fellow of the Australian Academy of Science, the Australian Academy of Technology and Engineering and the Australian Institute of Company Directors.

She is a Professor of Biochemistry at La Trobe University, and a member of the Australian Academy of Science Council. She was appointed an Officer of the Order of Australia in 2016 for distinguished service to science and higher education. She was a member of the La Trobe Council until 2017. Professor Anderson was appointed Hexima's Chief Science Officer in July 2009. Professor Anderson ceased to be an employee of Hexima from 6th October 2022.

Professor Anderson was also a Director of the Company from 23 November 2010 to 2 December 2021.

Dr Nancy Sacco – Chief Development Officer

Dr Sacco was appointed Chief Development Officer 2 December 2021. Prior to this appointment, Dr Sacco held Vice President and Head of Clinical Development roles at Xentria, Inc. and AnaptysBio, Inc., overseeing programs with monoclonal antibodies for rare and dermatologic diseases. In addition, Dr Sacco held executive leadership positions at Revance Therapeutics, Inc. and Avexis, Inc (now Novartis), overseeing clinical operations including the initiation and completion of pivotal studies evaluating safety and efficacy of innovative products (proprietary neurotoxin Daxibotulinum and AVV9 gene therapy ZolgenSMA, respectively). Dr Sacco has also held roles of increasing responsibilities at P&G Healthcare (Actonel), Pfizer (Lyrica), Astellas (Myrbetriq and Xtandi) and Takeda (Rozerem and ACTOS). Dr Sacco ceased to be an employee of Hexima from 15th October 2022.

Phillip Rose – Chief Commercial Officer

Mr. Rose has over 30 years of leadership experience in the pharmaceutical industry, including President and CEO of the dermatology focused Obagi Medical Products, Vice President and General Manager of North America for Valeant (now Bausch Healthcare Companies) as well as Vice President Hospital Sales at Glaxo, Inc. (now GSK). In addition, Mr Rose is a licenced and practicing Pharmacist. Mr. Rose has served as a commercial consultant to the pharmaceutical industry and prior clients include Alza Corporation (now J&J), Reliant Pharmaceuticals (now GSK), Peplin, Inc. the developer of Picato (now LEO).

Mr Rose was a consultant for the company from September 2020 until his appointment as Chief Commercial Officer 4 January 2022. Mr. Rose ceased to be an employee of Hexima from 1 July 2022.

Ms Helen Molloy – Financial Controller - Helen Molloy holds a Bachelor of Business from Federation University and is a member of the Australian Society of Certified Practising Accountants. Helen has previously worked as a financial accountant within the treasury department of the Mayne Group, as well as with Orica Chemicals and Incitec Pivot Limited. Helen was the Financial Controller for Hexima for 12 years and was company secretary for the Group between November 2019 and October 2021. Ms Molloy ceased to be an employee of Hexima from 8th November 2022.

DIRECTORS' REPORT

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year are:

| | BOARD MEETINGS | | AUDIT AND RISK MANAGEMENT COMMITTEE | | REMUNERATION AND NOMINATION COMMITTEE ⁽⁴⁾ | |
|---------------------------------------|----------------|----------|-------------------------------------|----------|--|----------|
| | HELD | ATTENDED | HELD | ATTENDED | HELD | ATTENDED |
| Jonathan West ⁽⁵⁾ | 13 | 13 | 1 | 1 | - | - |
| Nicole van der Weerden ⁽¹⁾ | 13 | 12 | - | - | - | - |
| Scott Robertson | 13 | 13 | 1 | 1 | - | - |
| Justin Yap | 13 | 10 | 1 | 1 | - | - |
| Michael Aldridge ⁽³⁾ | 13 | 12 | - | - | - | - |
| Jason (Jake) Nunn ⁽³⁾ | 13 | 13 | - | - | - | - |
| Steven Skala ⁽²⁾⁽³⁾ | 11 | 1 | - | - | - | - |

(1) Attended Committee meetings by invitation.

(2) Resigned from Board 11 May 2023.

(3) Director not on Audit Committee.

(4) No meetings were held during the financial year.

(5) Jonathan West passed away on 29 July 2023.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was the orderly wind down of its pezadeftide development program and the exploration of 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.

OPERATING AND FINANCIAL REVIEW OF THE GROUP

Financial performance

| | 2023 | 2022 |
|--|-------------|--------------|
| | \$ | \$ |
| Revenue and other income | 1,484,759 | 5,810,708 |
| Results from operating activities | (1,956,931) | (9,904,715) |
| Net financing income/(expense) | 35,971 | (113,765) |
| Gain/(loss) on disposal of asset | 2,074 | (2,281) |
| Net loss after tax attributable to members | (1,918,886) | (10,020,761) |
| Dividends | NIL | NIL |

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 financial year, 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 also sold its glasshouse facility and various laboratory plant and equipment to La Trobe University on 1 April 2023 for \$980,000 in exchange for a reduction in Hexima's outstanding liabilities and received lease payments on the glasshouse facility until 31 March 2023.

During the financial year Hexima also actively explored 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. However, no opportunities resulted in a successful transaction outcome. The Board is currently reassessing options for maximizing shareholder value.

Review of financial condition

The Group had net cash outflows from operating activities of \$1,802,250 for the year ended 30 June 2023, compared with \$9,757,819 for the prior year, with the variance reflecting the decision to wind down its development activities. The Group recorded a loss after tax of \$1,918,886 for the year ended 30 June 2023. A loss after tax of \$10,020,761 was recorded for the previous financial year.

Financial position

Hexima has cash and short-term receivables of \$2,956,698 at 30 June 2023 (2022: \$9,764,261).

Significant changes in the state of affairs

As a consequence of the results of its phase II clinical trial (HXP124-ONY-002) assessing pezadeftide as a topical treatment for onychomycosis not supporting a move into a phase III program with pezadeftide, Hexima wound down its development activities during the current financial year.

There were no other significant changes in the state of affairs of the Group that occurred during the financial year ended 30 June 2023.

DIRECTORS' REPORT

DIVIDENDS

The Company has not paid or declared any dividends during or since the end of the financial year ended 30 June 2023.

EVENTS SUBSEQUENT TO REPORTING DATE

There have been no events subsequent to the balance date which would have a material effect on the Group's financial statements as at 30 June 2023.

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

DIRECTOR'S INTERESTS

Set out below are details of the interests of the Directors at the date of this report in the shares of the Company, rights or options over such instruments. Interests include those held directly and indirectly.

| Director | Total shares | Options over shares |
|---------------------------------|------------------|---------------------|
| Jonathan West ⁽³⁾ | 3,000,000 | 1,393,000 |
| Nicole van der Weerden | 394,700 | 1,394,000 |
| Justin Yap ⁽¹⁾ | - | 536,500 |
| Scott Robertson | - | 536,500 |
| Michael Aldridge ⁽²⁾ | - | - |
| Jason (Jake) Nunn | 93,750 | 536,500 |
| Total | 3,488,450 | 4,396,500 |

1. A related party of Justin Yap holds 17,684,540 shares in the Company.
2. Michael Aldridge previously held 3,272,000 options over shares, which lapsed as of 1 August 2022 due to him no longer being an employee of the Company.
3. Jonathan West passed away on 29 July 2023.

DIRECTORS' REPORT

SHARE OPTIONS

Unissued shares under option

At the date of this report, unissued ordinary shares of the Company under option are:

| Expiry Date | Exercise Price | Number |
|------------------|----------------|------------------|
| 15 December 2023 | \$0.30 | 1,000,000 |
| 15 December 2023 | \$0.40 | 1,000,000 |
| 15 December 2023 | \$0.60 | 1,000,000 |
| 1 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 |
| | | 8,054,000 |

Shares issued on exercise of options

The Group's policies prohibit those that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases. The Group requires all Executives and Directors to sign annual declarations of compliance with this policy throughout the period.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

The Company has entered into a deed of access, insurance and indemnity with each Director, alternate director and the Company Secretary of Hexima.

Under the Constitution, the Company is required to indemnify all Directors and officers, past and present, against certain liabilities. The indemnity provided for under the deed of access, insurance and indemnity, operates from the date of appointment as a Director or officer of the Company until the seventh anniversary of that Director or officer's retirement date. To the extent permitted by law and subject to the scope of and limitations on indemnities found in the deed of access, insurance and indemnity and the prohibitions in section 199A of the Corporations Act, the Company indemnifies the Director against any and all liabilities incurred by the Director as an officer of a Group Member, including any and all legal costs incurred by the Director in connection with a claim. If the Director becomes liable to pay any amount for which the Director is or is entitled to be indemnified under the deed of access, insurance and indemnity, the Company must pay that amount to the person to whom the amount is due within 10 Business Days after the date on which the Director provides evidence satisfactory to the Company that the Director is liable to pay that amount and is entitled to be indemnified under this deed.

Under the Constitution, the Company must arrange and maintain Directors' and officers' insurance for its Directors and officers to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company must, for each Director or officer, maintain or procure the maintenance of insurance for the Director or officer's period of office and for a period of seven years after the Director or officer ceases to hold office.

The deed of access, insurance and indemnity allows for the Company in certain cases to make advance payments to an indemnified party for an amount owing in respect of a loss covered by the deed.

No indemnities were given or insurance premiums paid during the financial year for any person who was an auditor of the Company.

During the financial year ended 30 June 2023, the Company paid insurance premiums totalling \$148,571 in respect of Directors' and Officers' liability and legal expenses insurance contracts (2022: \$156,274). This covered both current and former Directors and Officers of the Company. The insurance premiums relate to:

DIRECTORS' REPORT

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain personal advantage.

DIRECTORS' REPORT

AUDITED REMUNERATION REPORT

Principles of Remuneration

The remuneration report details the Key management personnel (KMP) remuneration practices of the Group. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. For the financial year ended 30 June 2023, key management personnel comprised all Directors, Executives and the Company Secretary

| Key Management Personnel | |
|-----------------------------------|---|
| Directors | |
| Professor Jonathan West | Non-Executive Chairman (deceased 29 July 2023) |
| Mr Scott Robertson | Non-Executive Director |
| Mr Justin Yap | Non-Executive Director (Acting Chairman from 16 August 2023) |
| Mr Michael Aldridge | Non-Executive Director (Managing Director and Chief Executive Officer until 1 August 2022) |
| Dr Nicole van der Weerden | Non - Executive Director (Executive Director until 31 December 2022; Chief Operating Officer until 31 July 2022; Acting Chief Executive Officer 1 August to 31 December 2022) |
| Mr Jason (Jake) Nunn | Non-Executive Director |
| Mr Steven Skala AO | Alternate Non-Executive Director for Mr Scott Robertson. (Resigned 11 May 2023) |
| Other Management Personnel | |
| Professor Marilyn Anderson AO | Chief Science Officer until 6 October 2022 |
| Ms Leanne Ralph | Company Secretary |
| Ms Helen Molloy | Financial Controller until 8 November 2022 |
| Mr Philip Rose | Chief Commercial Officer until 21 July 2022 |
| Dr Nancy Sacco | Chief Development Officer until 14 October 2022 |

Remuneration levels for key management personnel are set to attract and retain appropriately qualified and experienced Directors and Executives. The Remuneration and Nomination Committee obtains independent advice on remuneration packages and reviews remuneration at least on an annual basis.

Remuneration structures take into account the capability and experience of key management personnel. Remuneration includes a mix of fixed and variable remuneration as well as short and long term incentives.

Fixed Remuneration

Fixed remuneration consists of base salary, which is calculated on a total cost basis and includes any FBT charges related to employee benefits, as well as employer contributions to superannuation funds.

DIRECTORS' REPORT

AUDITED REMUNERATION REPORT – (Continued)

Performance Linked Remuneration

Long term incentives may be provided as options over the Company's ordinary shares and other securities. Details are provided on pages 17 to 19 of the Directors' Report.

Consequences of Performance on Shareholder Wealth

Hexima is a development stage company and the performance linked remuneration of key management personnel is not determined by the level of revenue, profit or dividends. Instead, consideration is given to the progress of product development programs, the achievement of the Company's strategic goals, the development of the Company's intellectual property and asset base and long-term share price performance.

Service Contracts

Service contracts for all employees were terminated during the financial year.

Non-Executive Directors

The Constitution provides that Non-Executive Directors may be paid or provided fees or other remuneration for their services as a Director of Hexima (including as a member of any Directors' committee). The total amount or value of this remuneration must not exceed \$500,000 (including mandatory superannuation) per annum or such other maximum amount determined by the Company in a general meeting.

A Non-Executive Director may be paid remuneration for services outside the scope of ordinary duties of the Director. Non-Executive Directors may also be paid expenses properly incurred in attending meetings or otherwise in connection with the Company's business. Additional "per diem" fees may be paid where services rendered are above normal requirements.

Other than is noted below, Non-Executive directors have not received any cash payments since 1 January 2015, and have instead received equity compensation;

- During October 2020 both Steven Skala and Jonathan West received \$100,000 as they performed duties over and above that expected from a non-executive director in the lead up to the \$5.7million placement that occurred in September 2020.

DIRECTORS' REPORT

AUDITED REMUNERATION REPORT – (Continued)

Directors' and Executive Officers' Remuneration

Details of the nature and amount of each major element of remuneration of each Director of the Company and each key management personnel are:

| | | Short Term | | | | Share based payments | Post employment | | | |
|--------------------------------|------|------------------------------------|----------------------|----------------|--------------|--|-------------------------|--------------------|--|--|
| | | Fixed Remuneration (Salary & Fees) | Termination Benefits | Leave Benefits | Health Cover | Expensing of Options held ⁽¹⁾ | Superannuation / 401(k) | Total Remuneration | Value of Bonus as proportion of remuneration | Value of options as proportion of remuneration |
| Non-executive Directors | | | | | | | | | | |
| Jonathan West | 2023 | - | - | - | - | 13,835 | - | 13,835 | - | 100% |
| | 2022 | - | - | - | - | 139,045 | - | 139,045 | - | 100% |
| Scott Robertson | 2023 | - | - | - | - | 7,885 | - | 7,885 | - | 100% |
| | 2022 | - | - | - | - | 65,370 | - | 65,370 | - | 100% |
| Justin Yap | 2023 | - | - | - | - | 7,885 | - | 7,885 | - | 100% |
| | 2022 | - | - | - | - | 70,602 | - | 70,602 | - | 100% |
| Jason (Jake) Nunn | 2023 | - | - | - | - | 61,788 | - | 61,788 | - | 100% |
| | 2022 | - | - | - | - | 73,831 | - | 73,831 | - | 100% |
| Steven Skala AO ⁽²⁾ | 2023 | - | - | - | - | - | - | - | - | - |
| | 2022 | - | - | - | - | 6,469 | - | 6,469 | - | 100% |

DIRECTORS' REPORT

AUDITED REMUNERATION REPORT – (Continued)

Directors' and Executive Officers' Remuneration – (Continued)

| Executive Directors | | | | | | | | | | |
|---------------------------------------|------|-----------|---------|--------|--------|---------|--------|-----------|---|-----|
| Nicole van der Weerden ⁽³⁾ | 2023 | 108,702 | 111,040 | 16,402 | - | 47,503 | 12,925 | 296,572 | - | 16% |
| | 2022 | 359,695 | - | 12,448 | - | 79,982 | 19,266 | 471,391 | - | 17% |
| Michael Aldridge | 2023 | 57,025 | 335,461 | 3,075 | 13,205 | - | 2,281 | 411,047 | - | - |
| | 2022 | 627,154 | - | 33,965 | 72,832 | 62,273 | 3,161 | 799,385 | - | 8% |
| Executives | | | | | | | | | | |
| Marilyn Anderson AO ⁽⁵⁾ | 2023 | 10,058 | 8,621 | 1,111 | - | - | 1,056 | 20,846 | - | - |
| | 2022 | 80,433 | - | 1,200 | - | 7,741 | 3,736 | 93,110 | - | 8% |
| Dr Nancy Sacco ⁽⁶⁾ | 2023 | 48,549 | - | 4,454 | - | - | 1,942 | 54,945 | - | - |
| | 2022 | 103,951 | - | 8,386 | - | - | 823 | 113,160 | - | - |
| Phillip Rose ⁽⁷⁾ | 2023 | - | 36,991 | 288 | - | - | - | 37,279 | - | - |
| | 2022 | 103,088 | - | 8,248 | - | 3,946 | 950 | 116,232 | - | 3% |
| Helen Molloy ⁽⁸⁾ | 2023 | 56,018 | 54,406 | 6,148 | - | - | 5,882 | 122,454 | - | - |
| | 2022 | 157,173 | - | 9,892 | - | 7,639 | 15,717 | 190,421 | - | 4% |
| Peter Welburn ⁽⁹⁾ | 2023 | - | - | - | - | - | - | - | - | - |
| | 2022 | 57,784 | - | 6,049 | - | 25,647 | 5,778 | 95,258 | - | 27% |
| Total | 2023 | 280,352 | 546,519 | 31,478 | 13,205 | 138,896 | 24,086 | 1,034,536 | - | 13% |
| | 2022 | 1,489,278 | - | 80,188 | 72,832 | 542,545 | 49,431 | 2,234,274 | - | 24% |

Notes in relation to the table of Directors' and Executive officers' remuneration

1. The fair value of options is calculated at grant date using the Black-Scholes Pricing model, and expensed over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period.
2. Steven Skala AO was an alternate director for Scott Robertson (resigned 11 May 2023)
3. Dr. Nicole van der Weerden was employed by both the Company and La Trobe University. The Company engaged Dr. van der Weerden's services through a Research Agreement with the University, and through a separate direct employment agreement. Dr van der Weerden's total remuneration from the Company and La Trobe University (in relation to services performed for Hexima) was \$296,572. (2022: \$471,391), comprising \$208,557 (2022: \$304,358) paid and payable directly by the Company, and \$88,015

DIRECTORS' REPORT

(2022: \$167,033) paid by La Trobe University (for the services performed for Hexima). Dr van der Weerden was the Acting Chief Executive Officer and an Executive Director of the Company until her 31 December 2022 and remains as a non-executive director.

4. Leanne Ralph was appointed Company Secretary 6 October 2021.
5. Professor Marilyn Anderson was employed by both the Company until 6 October 2022 and La Trobe University until 30 June 2022. The Company engaged her services through a Research Agreement with the University and through a separate direct employment agreement. Professor Anderson's total remuneration from the Company and La Trobe University (in relation to services performed for Hexima) was \$20,846 (2022: \$93,110), comprising \$20,846 (2022: \$50,036) paid and payable directly by the Company and \$Nil (2022: \$43,074) paid by La Trobe University (for services performed for Hexima). Professor Anderson was the Chief Science Officer for Hexima Limited and was an Executive Director of the Company until resigning from the Board 2 December 2021.
6. Dr Nancy Sacco was appointed Chief Development Officer 2 December 2021 and ceased to be an employee on 14 October 2022.
7. Phillip Rose was appointed Chief Commercial Officer 4 January 2022 and ceased to be an employee on 30 June 2022.
8. Helen Molloy was replaced in the Company Secretary role 6 October 2021 and continued as the Group Financial Controller until her employment ceased on 8 November 2022.
9. Dr Peter Welburn was replaced in the Chief Development Officer role 2 December 2021, and continued as a consultant to the Group until 15 August 2022.

Equity instruments

All options refer to options over ordinary shares of Hexima Limited, which are exercisable on a one-for-one basis.

Options over equity instruments granted as compensation

There were no options over ordinary shares in the Company granted to key management personnel and Executives during the current financial year. Options issued during the year ended 30 June 2022 were issued as an incentive to KMP to align with business objectives and have a service criteria only. The number of options granted during that year were based on term of service and were consistent with equity-based compensation for similar stage life science companies. 5,703,000 options that had been issued to KMP in prior years lapsed upon cessation of employment during the current financial year.

DIRECTORS' REPORT

AUDITED REMUNERATION REPORT – (Continued)

30 June 2023:

| | Granted | Exercised | Lapsed | Exercise Price | Grant Date | Vesting period | FV per option at grant date |
|------------------|---------|-----------|-----------|----------------|------------|----------------|-----------------------------|
| Michael Aldridge | - | - | 2,750,000 | \$0.20 | 14/10/2020 | 4 years | |
| | - | - | 522,000 | \$0.21 | 27/07/2021 | 4 years | - |
| Marilyn Anderson | - | - | 125,000 | \$0.20 | 14/10/2020 | 4 years | - |
| | - | - | 36,000 | \$0.21 | 27/07/2021 | 4 years | - |
| Peter Welburn | - | - | 650,000 | \$0.20 | 14/10/2020 | 4 years | |
| | - | - | 65,000 | \$0.21 | 27/07/2021 | 4 years | - |
| Helen Molloy | - | - | 217,500 | \$0.20 | 14/10/2020 | 4 years | |
| | - | - | 30,000 | \$0.21 | 27/07/2021 | 4 years | |
| | - | - | 7,500 | \$0.40 | 1/01/2018 | 1 year | - |
| Nancy Sacco | - | - | 600,000 | \$0.35 | 2/12/2021 | 4 years | - |
| Phillip Rose | - | - | 100,000 | \$0.20 | 14/10/2020 | 4 years | |
| | - | - | 600,000 | \$0.35 | 2/12/2021 | 4 years | - |
| Total | - | - | 5,703,000 | | | | |

DIRECTORS' REPORT

AUDITED REMUNERATION REPORT – (Continued)

30 June 2022:

| | Granted | Exercised | Lapsed | Exercise Price | Grant Date | Vesting period | FV per option at grant date |
|------------------------|------------------|----------------|----------------|----------------|------------|----------------|-----------------------------|
| Jonathan West | 393,000 | - | - | \$0.205 | 2/12/2021 | 1 year | \$0.309 |
| Michael Aldridge | 522,000 | - | - | \$0.205 | 2/12/2021 | 4 years | \$0.309 |
| Nicole van der Weerden | 244,000 | - | - | \$0.205 | 2/12/2021 | 4 years | \$0.309 |
| | - | 250,000 | - | \$0.16 | 12/02/2017 | 5 years | \$0.048 |
| | - | - | 250,000 | \$0.16 | 12/02/2017 | 5 years | \$0.048 |
| Marilyn Anderson | 36,000 | - | - | \$0.205 | 2/12/2021 | 4 years | \$0.309 |
| | - | 125,000 | - | \$0.16 | 12/12/2017 | 5 years | \$0.048 |
| Justin Yap | 224,000 | - | - | \$0.205 | 2/12/2021 | 1 year | \$0.309 |
| Scott Robertson | 224,000 | - | - | \$0.205 | 2/12/2021 | 1 year | \$0.309 |
| Jason (Jake) Nunn | 312,500 | - | - | \$0.27 | 2/12/2021 | 3 years | \$0.304 |
| | 224,000 | - | - | \$0.27 | 2/12/2021 | 1 year | \$0.304 |
| Steven Skala | - | - | - | - | - | - | - |
| Peter Welburn | 65,000 | - | - | \$0.205 | 14/09/21 | 4 years | \$0.333 |
| Helen Molloy | 30,000 | - | - | \$0.205 | 14/09/21 | 4 years | \$0.333 |
| Nancy Sacco | 600,000 | - | - | \$0.345 | 2/12/2021 | 4 years | \$0.298 |
| Phillip Rose | 600,000 | - | - | \$0.37 | 31/1/2022 | 4 years | \$0.3224 |
| Total | 3,474,500 | 375,000 | 250,000 | | | | |

DIRECTORS' REPORT

End of Audited Remuneration Report

DIRECTORS' REPORT

NON-AUDIT SERVICES

During the year KPMG, the Group's auditor, did not perform other services in addition to the audit and review of the financial statements for the year ended 30 June 2023.

Details of the amounts paid to the auditor of the Group, KPMG, for audit services are set out below:

| | 2023 | 2022 |
|--|--------|--------|
| | \$ | \$ |
| Other assurance services | - | - |
| Audit and review of the financial statements | 98,867 | 94,813 |
| | 98,867 | 94,813 |

DIRECTORS' REPORT

LEAD AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 370C OF THE CORPORATIONS ACT 2001

The Lead Auditor's Independence Declaration is set out on page 62 and forms part of the Directors' Report for the year ended 30 June 2023.

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



Justin Yap

Acting Non-Executive Chairman



Dr Nicole van der Weerden

Non-Executive Director

Dated this 31st day of August 2023

HEXIMA LIMITED

ASX ADDITIONAL INFORMATION

Additional information required under ASX Listing Rule 4.10 and not shown elsewhere in the Annual Report is as follows. This information is current as at 18 August 2023.

Use of funds since listing

Hexima's use of funds during the year was consistent with achieving the business objectives as outlined in the prospectus dated 15 October 2020 and filed with ASIC. This included expenditure the wind down of pezadeftide manufacturing, formulation, stability and toxicology studies.

Substantial shareholders

The names of the Substantial Shareholders listed as disclosed by notices submitted to the ASX as at 18 August 2023 are as follows:

| Shareholder | Shares | Relevant interest |
|---|-------------------|-------------------|
| Balmain Resources Pty Ltd | 28,114,619 | 16.83% |
| Dato Lim Sen Yap ¹ | 17,684,540 | 10.59% |
| Woobinda Nominees Pty Ltd and its associates ² | 15,126,863 | 9.06% |
| Total | 60,926,022 | 36.48% |

Note 1: Related party of Justin Yap, a Director of Hexima.

Note 2: Associated entities of G.F.O'Brien, a previous Director of Hexima.

Voting rights

Ordinary shares

In accordance with the Constitution each member present at a meeting whether in person, or by proxy, or by power of attorney, or in a duly authorised representative in the case of a corporate member, shall have one vote on a show of hands, and one vote for each fully paid ordinary share, on a poll.

Options

There are no voting rights attached to options

Securities exchange

The Company is listed on the ASX. The home exchange is Sydney.

Distribution of shareholders

The distribution of issued capital is as follows:

| Size of Holding | Number of Shareholders | Ordinary Shares | % of Issued Capital |
|------------------|------------------------|--------------------|---------------------|
| 100,001 and over | 141 | 153,790,108 | 92.07 |
| 10,001 – 100,000 | 298 | 11,511,500 | 6.89 |
| 5,001 – 10,000 | 120 | 966,530 | 0.58 |
| 1,001 – 5,000 | 238 | 726,286 | 0.43 |
| 1 to 1,000 | 91 | 45,205 | 0.03 |
| Total | 888 | 167,039,629 | 100.00 |

Distribution of option holders

HEXIMA LIMITED

The distribution of unquoted options on issue are:

| Size of Holding | Number of Option holders | Ordinary Options | % of Options on Issue |
|------------------|--------------------------|------------------|-----------------------|
| 100,001 and over | 9 | 8,021,500 | 99.60% |
| 10,001 – 100,000 | 1 | 25,000 | 0.31% |
| 5,001 – 10,000 | 1 | 7,500 | 0.09% |
| 1,001 – 5,000 | - | - | - |
| 1 to 1,000 | - | - | - |
| Total | 19 | 8,054,000 | 100.00% |

Twenty largest shareholders of quoted securities

The twenty largest shareholders of quoted equity securities are as follows:

| | Name | Number of Ordinary Shares Held | Percentage of Quoted Shares |
|---------------------------------------|---|--------------------------------|-----------------------------|
| 1 | Cadex Petroleum Limited | 17,823,387 | 10.67 |
| 2 | Dato Lim Sen Yap | 17,684,540 | 10.59 |
| 3 | Woobinda Nominees Pty Ltd | 12,715,741 | 7.61 |
| 4 | Balmain Resources Pty Ltd | 9,969,150 | 5.97 |
| 5 | HSBC Custody Nominees (Australia) Ltd | 4,768,728 | 2.85 |
| 6 | Mr Surinder Singh and Mrs Satwinder Kaur | 4,590,926 | 2.75 |
| 7 | Paul Orlin | 3,750,000 | 2.24 |
| 8 | Mr Surinder Singh and Mrs Satwinder Kaur | 3,552,825 | 2.13 |
| 9 | Xanthi Pty Ltd | 3,000,000 | 1.80 |
| 10 | Hugh Morgan | 2,977,252 | 1.78 |
| 11 | Huysmans Pty Ltd | 2,906,260 | 1.74 |
| 12 | Balmoral Financial Investments Pty Ltd | 2,551,090 | 1.53 |
| 13 | Marilyn Anderson | 2,405,548 | 1.44 |
| 14 | Medomai Pty Ltd | 2,300,000 | 1.38 |
| 15 | Mr Terrence Williamson and Ms Jonine Jancey | 2,187,412 | 1.31 |
| 16 | Clanth Investments | 2,106,755 | 1.26 |
| 17 | Adrienne Clarke | 2,014,535 | 1.21 |
| 18 | Cranley Nominees | 2,007,674 | 1.20 |
| 19 | Pioneer Hi-Bred International Inc | 2,000,000 | 1.20 |
| 20 | BNP Paribas Nominees Pty Ltd | 1,908,485 | 1.14 |
| Top 20 Quoted Shareholders | | 103,220,308 | 61.79 |
| Balance of Register | | 63,819,321 | 38.21 |
| Total Quoted Equity Securities | | 167,039,629 | 100.0 |

HEXIMA LIMITED

Unquoted equity securities

The Company had 8,054,000 unquoted options on issue as at 18 August 2023, broken up as follows:

5,054,000 Issued under employee incentive schemes

3,000,000 Issued to Canaccord Genuity (Australia) Limited

Restricted securities

There are no restricted securities

Less than marketable parcels of ordinary shares

There are 547 shareholders with unmarketable parcels totaling 3,201,074 shares.

On-market Buy-backs

There is currently no on-market buy-back in relation to the Company's securities.

HEXIMA LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

| | | Consolidated | |
|---|-----------|--------------|--------------|
| | Notes | 2023 | 2022 |
| Revenue | | | |
| Lease income | 4(a) | 307,534 | 399,647 |
| Government grants | 4(b) | 1,177,225 | 5,411,061 |
| | | 1,484,759 | 5,810,708 |
| Expense | | | |
| Research and development | 5 | (883,788) | (11,480,860) |
| Patent and legal | | (33,402) | (361,873) |
| Marketing and business development | | (52,036) | (350,781) |
| Employee benefits | | (1,663,985) | (2,747,097) |
| Depreciation | 12(a)/(b) | (11,442) | (141,288) |
| Other | 6 | (797,037) | (633,524) |
| | | (3,441,690) | (15,715,423) |
| Results from operating activities | | (1,956,931) | (9,904,715) |
| Finance income | 7 | 69,271 | 1,544 |
| Finance expense | 7 | (33,300) | (115,309) |
| Gain/(loss) on disposal of asset | | 2,074 | (2,281) |
| Net other income/(expense) | | 38,045 | (116,046) |
| Loss before income tax | | (1,918,886) | (10,020,761) |
| Income tax expense | 8 | - | - |
| Loss for the period | | (1,918,886) | (10,020,761) |
| Other comprehensive income for the period, net of income tax | | - | - |
| Total comprehensive loss for the period | | (1,918,886) | (10,020,761) |
| Loss attributable to: | | | |
| Owners of the Company | | (1,918,886) | (10,020,761) |
| Loss for the period | | (1,918,886) | (10,020,761) |
| Total comprehensive loss attributable to: | | | |
| Owners of the Company | | (1,918,886) | (10,020,761) |
| Total comprehensive loss for the period | | (1,918,886) | (10,020,761) |
| Basic EPS (cents per share) | 15 | (1.15) | (6.56) |
| Diluted EPS (cents per share) | 15 | (1.15) | (6.56) |

The accompanying notes form part of these financial statements

HEXIMA LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

| | Notes | Consolidated | |
|----------------------------------|-------|--------------|--------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 10 | 2,189,388 | 3,957,263 |
| Receivables | 11 | 767,310 | 5,806,998 |
| Assets held for sale | 12(b) | - | 883,288 |
| TOTAL CURRENT ASSETS | | 2,956,698 | 10,647,549 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 12(a) | - | 106,080 |
| TOTAL NON-CURRENT ASSETS | | - | 106,080 |
| TOTAL ASSETS | | 2,956,698 | 10,753,629 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 13 | 174,448 | 5,843,310 |
| Employee benefits | 14 | - | 344,421 |
| TOTAL CURRENT LIABILITIES | | 174,448 | 6,187,731 |
| TOTAL LIABILITIES | | 174,448 | 6,187,731 |
| NET ASSETS | | 2,782,250 | 4,565,898 |
| EQUITY | | | |
| Share capital | 15 | 82,880,964 | 82,884,622 |
| Reserves | 15 | 2,981,757 | 2,842,861 |
| Accumulated losses | | (83,080,471) | (81,161,585) |
| TOTAL EQUITY | | 2,782,250 | 4,565,898 |

The accompanying notes form part of these financial statements

HEXIMA LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

| | Note | Ordinary Shares \$ | Equity Option reserve \$ | Equity Compensation reserve \$ | Accumulated Losses \$ | Total equity \$ |
|---|------|--------------------------|-----------------------------------|---|-----------------------------|--------------------|
| 2023 | | | | | | |
| Opening balance at 1 July 2022 | | 82,884,622 | 450,216 | 2,392,645 | (81,161,585) | 4,565,898 |
| Total comprehensive loss for the period | | | | | | |
| Net loss for the year | | - | - | - | (1,918,886) | (1,918,886) |
| Other comprehensive income | | - | - | - | - | - |
| Total comprehensive loss for the year | | - | - | - | (1,918,886) | (1,918,886) |
| Transactions with owners recorded directly in equity | | | | | | |
| Issue Ordinary shares | | - | - | - | - | - |
| Capital Raising Costs | | (3,658) | - | - | - | (3,658) |
| Share based payment expenses | 9 | - | - | 138,896 | - | 138,896 |
| Issue of shares on exercise of options | | - | - | - | - | - |
| Total contributions by and distributions to owners | | (3,658) | - | 138,896 | - | 135,238 |
| Closing balance at 30 June 2023 | | 82,880,964 | 450,216 | 2,531,541 | 83,080,471 | 2,782,250 |

| | Note | Ordinary Shares \$ | Equity Option reserve \$ | Equity compensation reserve \$ | Accumulated Losses \$ | Total equity \$ |
|---|------|--------------------------|-----------------------------------|---|-----------------------------|--------------------|
| 2022 | | | | | | |
| Opening balance at 1 July 2021 | | 71,905,180 | 450,216 | 1,831,008 | (71,140,824) | 3,045,580 |
| Total comprehensive loss for the period | | | | | | |
| Net loss for the year | | - | - | - | (10,020,761) | (10,020,761) |
| Other comprehensive income | | - | - | - | - | - |
| Total comprehensive loss for the year | | - | - | - | (10,020,761) | (10,020,761) |
| Transactions with owners recorded directly in equity | | | | | | |
| Issue Ordinary shares | | 11,571,678 | - | - | - | 11,571,678 |
| Capital Raising Costs | | (658,236) | - | - | - | (658,236) |
| Share based payment expenses | 9 | - | - | 561,637 | - | 561,637 |
| Issue of shares on exercise of options | | 66,000 | - | - | - | 66,000 |
| Total contributions by and distributions to owners | | 10,979,442 | - | 561,637 | - | 11,541,079 |
| Closing balance at 30 June 2022 | | 82,884,622 | 450,216 | 2,392,645 | (81,161,585) | 4,565,898 |

The accompanying notes form part of these financial statements

HEXIMA LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

| | | Consolidated | |
|--|-------|--------------|--------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Notes | | | |
| CASH FLOWS USED IN OPERATING ACTIVITIES | | | |
| Cash receipts from government grants | | 6,011,091 | 3,680,774 |
| Cash receipts from lease agreement | | 338,288 | 440,796 |
| Cash paid to suppliers and employees | | (8,151,629) | (13,879,389) |
| Net cash used in operating activities | 16(b) | (1,802,250) | (9,757,819) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | | 38,965 | 1,544 |
| Payments for plant and equipment | | - | (3,346) |
| Net cash from/(used in) investing activities | | 38,965 | (1,802) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments received on issue of options | | - | 66,000 |
| Repayment of Paycheck Protection Program to the US Government | | - | (31,996) |
| Proceeds from the issue of ordinary shares | | - | 11,000,102 |
| Payments to raise capital | | (3,658) | (698,984) |
| Net cash (used in)/from financing activities | | (3,658) | 10,335,122 |
| Net (decrease)/increase in cash and cash equivalents | | (1,766,943) | 575,501 |
| Effect on movements in exchange rates on foreign currency denominated cash at bank | | (932) | (40,119) |
| Cash and cash equivalents at 1 July | | 3,957,263 | 3,421,881 |
| Cash and cash equivalents at 30 June | 16(a) | 2,189,388 | 3,957,263 |

The accompanying notes form part of these financial statements

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. REPORTING ENTITY

Hexima Limited (the “Company”) is a Company domiciled in Australia and is a for-profit entity. The address of the Company’s registered office is Corporate One, 84-90 Hotham Street, Preston, Victoria, 3072. The consolidated financial statements of the Company as at and for the year ended 30 June 2023 comprises the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group was actively engaged in the research and development of plant-derived proteins for applications as human therapeutics but has since wound down these activities.

2. BASIS OF PREPARATION

(a) Basis of accounting

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 31st August 2023.

Changes to significant accounting policies are described in Note 25.

(b) Basis of measurement

The financial report has been prepared on the basis of historical cost, except for share options.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Group’s functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Measurement of fair values

A number of the Group’s accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. The Group engages a third party to perform fair value calculations for share options issues which is reviewed by the finance team. Significant valuation issues are reported to the Group Audit Committee.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. BASIS OF PREPARATION *(continued)*

(d) Use of estimates and judgements *(continued)*

Measurement of fair values (continued)

fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The Group measures the following assets/liabilities at fair value: Share-based payment transactions.

Share-based payment transactions

The fair value of employee share options at grant date is measured using the Binomial Approximation Option Pricing method. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 9 – measurement of share-based payments

(e) Going concern basis of accounting

The financial report is prepared on a going concern basis, which contemplates continuity of current 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 financial statements.

The Group has a history of losses and incurred a loss after tax for the year ended 30 June 2023 of \$1,918,886 (2022: loss after tax of \$10,020,761) and as at 30 June 2023 has a surplus in net current assets of \$2,782,250 (2022: surplus of net current assets of \$4,459,818) and an overall net asset surplus of \$2,782,250 (2002: net surplus of \$4,565,898).

As announced on the ASX on 11 July 2022, the results of the Phase II study of pezadeftide for the treatment of onychomycosis did not warrant continuation in its current form. During the current year the company carried out the orderly cessation of this project and explored 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.

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 July 2023 through to 31 December 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 during this time;
- 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, 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 current research activities or identify and complete an acceptable transaction, the directors may commence a planned wind-down. However, until that decision is made it is appropriate to prepare these financial statements on a going concern basis.

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

3. 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. All the operations are now in Australia. The Group employed a US based CEO until 2 August 2022 when he stepped down from the position. Approximately 8% of the Group's expenses were incurred in the USA when the Group was fully engaged in research and development activities.

4. LEASING INCOME AND GOVERNMENT GRANTS

| | Consolidated | |
|----------------------------------|--------------|-----------|
| | 2023 | 2022 |
| | \$ | \$ |
| (a) Lease income | | |
| Income from rental of glasshouse | 307,534 | 399,647 |
| (b) Government grants | | |
| R&D tax incentive | 1,177,225 | 5,391,061 |
| Other | - | 20,000 |
| | 1,177,225 | 5,411,061 |
| | 1,484,759 | 5,810,708 |

5. RESEARCH AND DEVELOPMENT EXPENDITURE

| | Consolidated | |
|--------------------------------------|--------------|------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Research and development expenditure | 883,788 | 11,480,860 |
| | 883,788 | 11,480,860 |

6. OTHER EXPENSES

| | Consolidated | |
|-------------------------------------|--------------|---------|
| | 2023 | 2022 |
| | \$ | \$ |
| Administration and compliance costs | 673,118 | 391,720 |
| Other expenses | 123,919 | 241,804 |
| | 797,037 | 633,524 |

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

7. FINANCE INCOME AND EXPENSE

| | Consolidated | |
|--|-----------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Interest income on term deposit and cash at bank | 38,965 | 1,544 |
| Foreign exchange gain | 30,306 | - |
| Finance Income | 69,271 | 1,544 |
| Interest expense on discounted long term debt | (33,300) | (64,670) |
| Foreign exchange loss | - | (50,639) |
| Finance expense | (33,300) | (115,309) |

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

8. INCOME TAX

(a) Income tax expense

| | Consolidated | |
|---|--------------|--------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Loss before tax | (1,918,886) | (10,020,761) |
| Income tax benefit using the domestic corporation tax rate of 25% (2022: 25%) | (479,722) | (2,505,190) |
| Increase/(decrease) in income tax expense due to: | | |
| R & D adjustment | 269,078 | 3,098,500 |
| Non-assessable R&D tax incentive | (294,306) | (1,347,848) |
| Non-deductible share based payments | 34,724 | 140,409 |
| Other | (252,139) | (118,268) |
| Temporary differences and tax losses not brought to account | 722,365 | 688,458 |
| Adjustment to deferred tax asset due to change in tax rate | - | 43,937 |
| Income tax expense/(benefit) on pre-tax net profit | - | - |

Income tax expense can arise due to the add-back of R&D expenses which is claimed under the R&D Tax Incentive Scheme. Tax losses are not fully available to offset against all taxable income arising as a result of the available fraction rules.

(b) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items

| | | |
|-----------------------|------------|------------|
| Temporary differences | 690,467 | 1,030,760 |
| Tax losses | 10,151,744 | 9,288,460 |
| Total | 10,842,211 | 10,319,220 |

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not yet probable that future taxable profit will be available against which the group could utilize the benefits subject to passing the continuity of ownership and/or same business test.

(c) Income tax expense

| | | |
|-----------------------------------|-----------|-----------|
| Current tax benefit | (722,365) | (819,294) |
| Deferred tax asset not recognised | 722,365 | 819,294 |
| Total | - | - |

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

9. SHARE-BASED PAYMENTS

At 30 June 2023, the Group had the following share-based payment arrangements. All options are to be settled by physical delivery of shares. The terms and conditions of the share options granted as at 30 June 2023 are as follows;

| Grant date / parties entitled | Number of instruments | Vesting conditions | Contractual life of options |
|--|-----------------------|--|-----------------------------|
| Options granted 1 January 2019 to key management | 250,000 | Vesting upon continuous service until 31 December 2019 | 5 years |
| Options granted 15 November 2019 to other personnel | 32,500 | Vesting immediately | 5 years |
| Options granted 28 January 2020 to key management | 250,000 | Vesting upon retirement 22 September 2020 | 5 years |
| Options granted 14 October 2020 to key management | 1,750,000 | Vesting upon continuous service until 14 October 2021 | 10 years |
| Options granted 14 October 2020 to key management | 1,150,000 | Tranche 1 25% vesting 14 October 2021, and monthly thereafter until 14 October 2024 | 10 years |
| Options granted 15 December 2020 to other party | 3,000,000 | Vesting immediately | 3 years |
| Options granted 2 December 2021 to non-executive directors | 841,000 | Vesting upon continuous service until 27 July 2022 | 10 years |
| Options granted 2 December 2021 to executive directors | 244,000 | 25% vesting 27 July 2022, and in equal monthly instalments thereafter until 27 July 2025 | 10 years |
| Options granted 2 December 2021 to non-executive director | 224,000 | Vesting upon continuous service until 1 September 2022 | 10 years |
| Options granted 2 December 2021 to non-executive director | 312,500 | Vesting in 36 equal monthly tranches from 1 October 2021 until fully vested 1 September 2024 | 10 years |
| Total share options | 8,054,000 | | |

The number and weighted average exercise prices of share options are as follows:

| | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options |
|-----------------------------|---------------------------------|-------------------|---------------------------------|-------------------|
| | 2023 | 2023 | 2022 | 2022 |
| Outstanding at 1 July | \$0.31 | 15,439,500 | \$0.31 | 12,348,500 |
| Exercised during the period | - | - | \$0.16 | (412,500) |
| Cancelled during the period | - | - | - | - |
| Lapsed during period | \$0.26 | (7,385,500) | \$0.32 | (625,000) |
| Granted during the period | - | - | \$0.28 | 4,128,500 |
| Outstanding at 30 June | \$0.35 | 8,054,000 | \$0.31 | 15,439,500 |

The options outstanding at 30 June 2023 have various exercise prices (\$0.20, \$0.205, \$0.27, \$0.30, \$0.345, \$0.40, \$0.60 and \$1.00) and a weighted average remaining contractual life of 4.5 years.

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

9. SHARE-BASED PAYMENTS *(continued)*

Measurement of fair values

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.

Employee expenses

| | Consolidated | |
|--|---------------------|-------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Current | | |
| Share options expense | 138,896 | 561,637 |
| Total expense recognised as employee costs | 138,896 | 561,637 |

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

10. CASH AND CASH EQUIVALENTS

| | Consolidated | |
|--------------|--------------|-----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Cash on hand | - | 952 |
| Cash at bank | 2,189,388 | 3,956,311 |
| | 2,189,388 | 3,957,263 |

11. RECEIVABLES

| | Consolidated | |
|------------------------------------|--------------|-----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Current | | |
| Trade receivables | 98,000 | 112,763 |
| R&D Tax Incentive Receivable – ATO | 633,497 | 5,391,390 |
| Prepayments and other receivables | 35,813 | 302,845 |
| | 767,310 | 5,806,998 |

The Group's exposure to credit and currency risks and impairment losses related to trade receivables is disclosed in Note 18.

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

12(a) PLANT AND EQUIPMENT

| Consolidated | Plant and Equipment | Office Equipment | Total |
|-------------------------------------|---------------------|------------------|-------------|
| Cost | \$ | \$ | \$ |
| Balance at 1 July 2022 | 1,047,222 | 25,138 | 1,072,360 |
| Additions | - | - | - |
| Transferred to assets held for sale | (1,047,222) | (25,138) | (1,072,360) |
| Balance at 30 June 2023 | - | - | - |
| Balance at 1 July 2021 | 1,059,225 | 22,093 | 1,081,318 |
| Additions | - | 3,045 | 3,045 |
| Disposals | (12,003) | - | (12,003) |
| Balance at 30 June 2022 | 1,047,222 | 25,138 | 1,072,360 |
| Accumulated depreciation | | | |
| Balance at 1 July 2022 | 944,673 | 21,607 | 966,280 |
| Depreciation for the year | 10,482 | 960 | 11,442 |
| Transferred to assets held for sale | (955,155) | (22,567) | (977,722) |
| Balance at 30 June 2023 | - | - | - |
| Balance at 1 July 2021 | 929,970 | 19,387 | 949,357 |
| Depreciation for the year | 24,324 | 2,220 | 26,544 |
| Disposals | (9,621) | - | (9,621) |
| Balance at 30 June 2022 | 944,673 | 21,607 | 966,280 |
| Carrying amounts | | | |
| At 30 June 2022 | 102,549 | 3,531 | 106,080 |
| At 30 June 2023 | - | - | - |

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

12.(b) ASSETS HELD FOR SALE

The Group held a glasshouse facility, laboratory and other plant and equipment for sale and sold these assets to La Trobe University on 1 April 2023.

| Cost | \$ |
|--------------------------------------|-------------|
| Balance at 1 July 2022 | 2,365,709 |
| Transferred from plant and equipment | 1,072,360 |
| Disposals | (3,438,069) |
| Balance at 30 June 2023 | - |
| Balance at 1 July 2021 | - |
| Transfer from investment property | 2,365,709 |
| Disposals | - |
| Balance at 30 June 2022 | 2,365,709 |
| Accumulated depreciation | |
| Balance at 1 July 2022 | 1,482,421 |
| Transfer from plant and equipment | 977,722 |
| Disposals | (2,460,143) |
| Balance at 30 June 2023 | - |
| Balance at 1 July 2021 | - |
| Transfer from investment property | 1,367,677 |
| Depreciation for the year | 114,744 |
| Disposals | - |
| Balance at 30 June 2022 | 1,482,421 |
| Carrying amounts | |
| At 30 June 2022 | 883,288 |
| At 30 June 2023 | - |

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

13. TRADE AND OTHER PAYABLES

| | Consolidated | |
|-----------------------------------|--------------|-----------|
| | 2023 | 2022 |
| Current | \$ | \$ |
| Trade payables and other | 25,271 | 4,774,025 |
| Other payables & accrued expenses | 149,177 | 966,774 |
| Rental income received in advance | - | 102,511 |
| | 174,448 | 5,843,310 |

14. EMPLOYEE BENEFITS

| | Consolidated | |
|---|--------------|---------|
| | 2023 | 2022 |
| Current | \$ | \$ |
| Superannuation – defined contribution funds | - | 18,577 |
| Liability for annual leave | - | 161,187 |
| Liability for long service leave | - | 164,657 |
| | - | 344,421 |

15. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

Consolidated and the Parent Entity

| Ordinary Shares | Number of Shares | | Amount \$ | |
|----------------------------------|------------------|-------------|--------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| On Issue at 1 July | 167,039,629 | 130,857,724 | 82,884,622 | 71,905,180 |
| Issue via Placement | - | 31,250,000 | - | 10,000,000 |
| Issue via Share purchase plan | - | 3,125,317 | - | 1,000,102 |
| Issue via reduction in debt | - | 1,394,088 | - | 571,576 |
| Issue via exercise of options | - | 412,500 | - | 66,000 |
| Capital raising costs | - | - | (3,658) | (658,236) |
| On issue at 30 June – fully paid | 167,039,629 | 167,039,629 | 82,880,964 | 82,884,622 |

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

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

15. 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 | |
|---------------------|-------------------|-----------|---------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| | | | \$ | \$ |
| On issue at 1 July | 3,000,000 | 3,000,000 | 450,216 | 450,216 |
| On issue at 30 June | 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 director's, key management personnel and other personnel under compensation schemes.

| | Number of options | | Amount | |
|----------------------------------|-------------------|-------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | | | \$ | \$ |
| On issue at beginning of year | 15,439,500 | 9,373,500 | 2,392,645 | 1,831,008 |
| Issued as compensation | - | 4,128,500 | 138,896 | 561,637 |
| Exercise of share options | - | (412,500) | - | - |
| Lapsed options | (7,385,500) | (650,000) | - | - |
| On issue at period end | - | 12,439,500 | 2,531,541 | 2,392,645 |
| Total Reserve at year end | 8,054,000 | 15,439,500 | 2,981,757 | 2,842,861 |

Options issued during the year

No options were issued during the year. 7,385,500 options held by employees lapsed during the year upon the employees' cessation of employment.

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.

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

15. CAPITAL AND RESERVES (continued)

Earnings per Share

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

| | 2023 | 2022 |
|--|----------------|----------------|
| Net loss | \$(1,918,886) | \$(10,020,761) |
| Weighted average number of ordinary shares | 167,039,629 | 152,688,237 |
| Basic EPS (cents per share) | (1.15)c | (6.56)c |
| Diluted EPS (cents per share) | (1.15)c | (6.56)c |

Dilutive 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.

16. NOTES TO THE STATEMENT OF CASHFLOW

16a. RECONCILIATION OF CASH

| | Note | Consolidated | |
|---|------|--------------|-----------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Reconciliation of cash at the end of the period (as shown in the statement of cash flows) to the related items in the accounts is as follows: | | | |
| Cash on hand and at bank | 10 | 2,189,388 | 3,957,263 |

16b. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

| | Consolidated | |
|--|--------------|--------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Loss for the year | (1,918,886) | (10,020,761) |
| <i>Adjustments for:</i> | | |
| Interest received foreign exchange differences – classified as investing activity - and movement in cash | (37,995) | 113,765 |
| Gain on disposal of assets | (2,074) | - |
| Proceeds of disposal of assets offset against debts due to La Trobe University | 980,000 | - |
| Depreciation | 11,442 | 141,288 |
| Equity settled share based payment expense | 138,896 | 561,637 |
| Operating loss before changes to working capital | (828,617) | (9,204,071) |
| Decrease/(increase) in trade and other receivables and prepayments | 5,039,650 | (2,190,459) |
| (Decrease)/increase in payables and employee benefits | (6,013,283) | 1,636,711 |
| Net cash used in operating activities | (1,802,250) | (9,757,819) |

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

17. AUDITOR'S REMUNERATION

a. Audit Services

| |
|--|
| Auditors of the Company |
| KPMG Australia |
| - Audit of the annual financial report |
| - Review of half year financial statements |

| Consolidated | |
|--------------|--------|
| 2023 | 2022 |
| \$ | \$ |
| 62,083 | 62,083 |
| 36,784 | 32,730 |
| 98,867 | 94,813 |

b. Non-Audit Services

| |
|----------------|
| KPMG Australia |
|----------------|

| 2023 | 2022 |
|------|------|
| \$ | \$ |
| - | - |
| - | - |

18. FINANCIAL INSTRUMENTS

Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at 30 June was:

| | Note | Consolidated | |
|-----------------------------|------|--------------|-----------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Trade and other receivables | 11 | 98,000 | 112,763 |
| R&D Tax Incentive – ATO | 11 | 633,497 | 5,391,390 |
| Cash on hand and at bank | 10 | 2,189,388 | 3,957,263 |
| | | 2,920,885 | 9,461,416 |

Cash on hand and at bank include deposits with the National Australia Bank and the Bank of America. The Group has no significant exposure to long aged receivables as at 30 June 2023. Both the trade and other receivables and R&D Tax incentive are current and have been received year on year and are considered to have a low credit risk given the counter party.

Impairment Losses

The Group has receivables past due of \$NIL (2022: \$NIL) and no impairment losses have been recognised (2022: \$NIL).

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

18. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

The Group has trade and other payables with a carrying value of \$174,448 (2022: \$5,843,310) (Note 13) which are payable in cash and have a maturity of less than 6 months. The Group has no employee benefit liabilities outstanding at balance date (2022: \$344,421) (Note 14).

There are currently NIL term deposits.

Currency risk

At 30 June 2023, there were no receivables of another currency, and payables of EUR Nil (2022: EUR 509,154), USD Nil (2022: USD \$360,331), GBP 1,000 (2022: GBP 129,330) and NZD Nil (2022: NZD \$1,800).

Of the cash on hand at 30 June 2023, the Group held;

USD \$484 within a NAB and Bank of America USD denominated account of (AUD \$772) (2022: USD \$41,941; AUD equivalent of \$60,424),
GBP Nil; 2022: GBP 344,961; AUD equivalent of \$601,995); and
EUR 50; AUD equivalent of \$79 (2022: EUR 156,111; AUD equivalent of \$234,574).

Interest Risk

Exposure to interest rate risks arises in the normal course of the Group's business in respect of interest income on cash at bank (Note 11). The weighted average interest rate in respect of interest income in 2023 was 1.78% (2022: 0.04%).

Fixed rate instruments

There were no term deposits during the year ended June 2023, or the year prior.

Variable rate instruments

In respect of cash at bank a 100 basis points increase in interest rates would have decreased the loss by \$15,631 (2022: \$35,909). A 100 basis points decrease in interest rates would have increased the loss by \$15,630 (2022: \$35,909).

Estimation of fair values

The fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged, or liability settled in a current transaction between willing parties after allowing for transaction costs. The carrying value of financial assets and liabilities approximates their fair value at 30 June 2023.

Fair value hierarchy

No financial instruments are carried at fair value at 30 June 2023, however, as noted above the carrying amounts approximate fair value in respect of financial assets and liabilities.

19. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measure.

Guarantee and Indemnification

The Company has an Institutional Biosafety Committee (IBC) to advise on certain aspects of the Group's field trial applications. The Group 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 Group. The financial exposure from this arrangement is expected to be nil.

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

20. RELATED PARTIES

Directors

The following were key management personnel of the Group and the Company at any time during the reporting period and unless otherwise indicated were Directors for the entire period:

Non-Executive Chairman

Professor Jonathan West (deceased 29 July 2023)

Executive Directors

Mr Michael Aldridge – Chief Executive Officer (stepped down from this position 2 August 2022, remains a non-executive director)

Dr. Nicole van der Weerden, Chief Operating Officer (appointed Acting Chief Executive Officer 2 August 2022, stepped down from this position on 31 December 2022, remains a non-executive director)

Non-Executive Directors

Mr Justin Yap

Mr Scott Robertson

Mr Jason (Jake) Nunn

Mr Steven Skala AO (alternate director resigned 11 May 2023)

Executives

Professor Marilyn Anderson, Chief Science Officer (until 6 October 2022)

Ms Helen Molloy, Financial Controller (until 8 November 2022)

Ms Leanne Ralph, Company Secretary

Dr Nancy Sacco, Chief Development Officer (until 14 October 2022)

Mr Phillip Rose, Chief Commercial Officer (until 21 July 2022)

The key management personnel compensation included in 'employee benefits expense' is as follows:

| | Consolidated | |
|------------------------------|--------------|-----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Short term employee benefits | 325,035 | 1,642,298 |
| Post employment benefits | 24,086 | 49,431 |
| Termination benefits | 546,519 | - |
| Share based payments | 138,896 | 542,545 |
| | 1,034,536 | 2,234,274 |

The Company engaged Marilyn Anderson and Nicole van der Weerden services through a Research Agreement with La Trobe University until 30 June 2022 and 15 August 2022 respectively and through separate direct employment agreement. The La Trobe University payments have been included in the compensation amounts above.

Individual Directors and Executive compensation disclosures

No Director has entered into a material contract with the Group and the Company since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

20. RELATED PARTIES *(continued)*

Options and rights over equity instruments

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:

| 2023 | Held at 1 July 2022 | Granted as compensation | Exercised | Expired/ Lapsed | Held at 30 June 2023 | Vested during the period | Vested and exercisable at 30 June 2023 |
|-------------------------|------------------------|----------------------------|-----------|--------------------|-------------------------|--------------------------------|--|
| Directors | | | | | | | |
| Jonathan West | 1,393,000 | - | - | - | 1,393,000 | 393,000 | 1,393,000 |
| Nicole van der Weerden | 1,394,000 | - | - | - | 1,394,000 | 179,417 | 658,584 |
| 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 | 328,067 | 328,067 |
| Steven Skala AO (1) | 125,000 | - | - | - | 125,000 | - | 125,000 |
| Key Management | | | | | | | |
| Peter Welburn | 715,000 | - | - | (715,000) | - | - | - |
| Marilyn Anderson AO (4) | 161,000 | - | - | (161,000) | - | - | - |
| Dr Nancy Sacco (2) | 600,000 | - | - | (600,000) | - | - | - |
| Mr Phillip Rose (3) | 700,000 | - | - | (700,000) | - | - | - |
| Ms Leanne Ralph | - | - | - | - | - | - | - |
| Helen Molloy (5) | 255,000 | - | - | (255,000) | - | - | - |
| | 10,224,500 | - | - | (5,703,000) | 4,521,500 | 1,348,484 | 3,577,651 |

1. Steven Skala was an alternate director for Scott Robertson, appointed 10 March 2020, resigned 11 May 2023
2. Dr Nancy Sacco ceased being an employee on 14 October 2022
3. Mr Phillip Rose was appointed Chief Commercial Officer 4 January 2022 and ceased being an employee on 21 July 2022
4. Dr Marilyn Anderson, resigned as a director on 2 December 2021 and ceased being an employee on 6 October 2022
5. Ms Molloy ceased being an employee on 8 November 2022

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

20. RELATED PARTIES (continued)

Options and rights over equity instruments (continued)

| 2022 | Held at 1 July 2021 | Granted as compensation | Exercised | Expired/ Lapsed | Held at 30 June 2022 | Vested during the period | Vested and exercisable at 30 June 2022 |
|------------------------|------------------------|----------------------------|-----------|--------------------|-------------------------|--------------------------------|--|
| 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 | (250,000) | (250,000) | 1,394,000 | 479,167 | 479,167 |
| Marilyn Anderson | 250,000 | 36,000 | (125,000) | - | 161,000 | 52,083 | 52,083 |
| 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 | 1,145,833 | 1,145,833 |
| Jason (Jake) Nunn | - | 536,500 | - | - | 536,500 | 78,125 | 78,125 |
| Steven Skala AO (1) | 125,000 | - | - | - | 125,000 | 125,000 | 125,000 |
| Key Management | | | | | | | |
| Peter Welburn | 650,000 | 65,000 | - | - | 715,000 | 270,833 | 270,833 |
| Dr Nancy Sacco (2) | - | 600,000 | - | - | 600,000 | - | - |
| Mr Phillip Rose (3) | 100,000 | 600,000 | - | - | 700,000 | 41,667 | 41,667 |
| Ms Leanne Ralph (4) | - | - | - | - | - | - | - |
| Helen Molloy | 225,000 | 30,000 | - | - | 255,000 | 90,625 | 98,125 |
| | 7,375,000 | 3,474,500 | (375,000) | (250,000) | 10,224,500 | 3,908,333 | 3,915,833 |

1. Steven Skala was an alternate director for Scott Robertson, appointed 10 March 2020 and resigned 11 May 2023
2. Dr Nancy Sacco was appointed Chief Development Officer 2 December 2021
3. Mr Phillip Rose was appointed Chief Commercial Officer 4 January 2022
4. Ms Leanne Ralph was appointed Company Secretary 6 October 2021

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

20. 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 personnel, including their related parties, is as follows:

| 2023 | Held at 1 July 2022 | Purchases | Purchased through exercise of options | Sales | Held at 30 June 2023 |
|------------------------------------|------------------------|-----------|---|-------|-------------------------|
| Directors | | | | | |
| Jonathan West | 3,000,000 | - | - | - | 3,000,000 |
| Nicole van der Weerden | 394,700 | - | - | - | 394,700 |
| Justin Yap ⁽¹⁾ | - | - | - | - | - |
| Scott Robertson | - | - | - | - | - |
| Michael Aldridge | - | - | - | - | - |
| Jason (Jake) Nunn | 93,750 | - | - | - | 93,750 |
| Steven Skala AO ⁽²⁾ | 5,792,529 | - | - | - | 5,792,529 |
| Key Management | | | | | |
| Peter Welburn | - | - | - | - | - |
| Dr Nancy Sacco ⁽³⁾ | - | - | - | - | - |
| Marilyn Anderson AO ⁽⁵⁾ | 2,405,548 | - | - | - | 2,405,548 |
| Mr Phillip Rose ⁽⁴⁾ | - | - | - | - | - |
| Ms Leanne Ralph | - | - | - | - | - |
| Helen Molloy ⁽⁶⁾ | 78,500 | - | - | - | 78,500 |
| | 11,765,027 | - | - | - | 11,765,027 |

1. A related party of Justin Yap holds 17,684,540 shares.
2. Steven Skala was an alternate director for Scott Robertson, appointed 10 March 2020, resigned 11 May 2023
3. Dr Nancy Sacco ceased being an employee 2 December 2021
4. Mr Phillip Rose was appointed Chief Commercial Officer 4 January 2022 and ceased being an employee on 21 July 2022
5. Dr Marilyn Anderson, resigned as a director on 2 December 2021 and ceased being an employee on 6 October 2022
6. Ms Molloy ceased being an employee on 8 November 2022

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

20. RELATED PARTIES (continued)

Movement in shares (continued)

| 2022 | Held at 1 July 2021 | Purchases | Purchased through exercise of options | Sales | Held at 30 June 2022 |
|--------------------------------|------------------------|-----------|---|-------|-------------------------|
| Directors | | | | | |
| Jonathan West | 3,000,000 | - | - | - | 3,000,000 |
| Marilyn Anderson AO | 2,280,548 | - | 125,000 | - | 2,405,548 |
| Nicole van der Weerden | 144,700 | - | 250,000 | - | 394,700 |
| Justin Yap ⁽¹⁾ | - | - | - | - | - |
| Scott Robertson | - | - | - | - | - |
| Michael Aldridge | - | - | - | - | - |
| Jason (Jake) Nunn | - | 93,750 | - | - | 93,750 |
| Steven Skala AO | 5,480,029 | 312,500 | - | - | 5,792,529 |
| Key Management | | | | | |
| Peter Welburn ⁽²⁾ | - | - | - | - | - |
| Dr Nancy Sacco ⁽³⁾ | - | - | - | - | - |
| Mr Phillip Rose ⁽⁴⁾ | - | - | - | - | - |
| Ms Leanne Ralph ⁽⁵⁾ | - | - | - | - | - |
| Helen Molloy | 78,500 | - | - | - | 78,500 |
| | 10,983,777 | 406,250 | 375,000 | - | 11,765,027 |

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

(2) Peter Welburn was Chief Development Officer until 1 December 2021

(3) Dr Nancy Sacco was appointed Chief Development Officer 2 December 2021

(4) Mr Phillip Rose was appointed Chief Commercial Officer 4 January 2022

(5) Ms Leanne Ralph was appointed Company Secretary 6 October 2021

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

20. RELATED PARTIES *(continued)*

Key management personnel and directors' transactions

During the year Dr van der Weerden was an employee of La Trobe University and Professor Anderson was an employee in the previous financial year. During the financial year ended 30 June 2023, amounts (including GST) totalling \$664,092 (2022: \$5,249,466) were paid or payable by Hexima to La Trobe University for research work carried out on behalf of the Group; these amounts include payments for compensation as set-out in the key management compensation table above. These transactions were conducted on normal commercial terms. Trade accounts and/or accruals payable to La Trobe University at 30 June 2023 were \$ Nil (2022: \$3,772,378).

21. OPERATING LEASES

Leases as lessor

Lease rentals are receivable as follows:

| | Consolidated | |
|----------------------------|--------------|---------|
| | 2023 | 2022 |
| | \$ | \$ |
| Less than one year | - | 307,535 |
| Between one and five years | - | - |
| | - | 307,535 |

22. GROUP ENTITIES

| | Country of incorporation | Ownership Interest | |
|---------------------------------|--------------------------|--------------------|------|
| Parent Entity | | 2023 | 2022 |
| Hexima Limited | Australia | | |
| Significant subsidiaries | | | |
| Hexima Holdings Limited | Australia | 100% | 100% |
| Pharmagra Pty Ltd | Australia | 100% | 100% |
| Hexima Operations USA, Inc | USA | 100% | 100% |

Pharmagra Pty Ltd is incorporated in Australia and is a 100% owned subsidiary of the Company. Pharmagra Pty Ltd has total assets and net assets of \$2.00 at 30 June 2023.

Hexima Holdings Pty Ltd is incorporated in Australia and is a 100% owned subsidiary of the Company. Hexima Holdings Pty Ltd has net assets totalling \$NIL at 30 June 2023 (2022: \$883,288)

Hexima Operation USA, Inc was incorporated in the USA on 23 May 2019 and has net liabilities of \$1,994 at 30 June 2023.

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

23. PARENT ENTITY DISCLOSURES

| | Company | |
|---|------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| <i>Result of the Parent Entity</i> | | |
| Loss for the period | (1,818,021) | (10,035,605) |
| Other Comprehensive income | - | - |
| Total Comprehensive loss for the period | (1,181,021) | (10,035,605) |
| <i>Financial Position of the Parent entity at year end</i> | | |
| Current assets | 2,958,706 | 10,056,188 |
| Non-current assets | - | 989,405 |
| Total assets | 2,958,706 | 11,045,593 |
| Current liabilities | 174,448 | 6,578,552 |
| Total liabilities | 174,448 | 6,578,552 |
| Net assets | 2,784,258 | 4,467,041 |
| <i>Total equity of the Parent entity comprising of:</i> | | |
| Share capital | 82,880,964 | 82,884,622 |
| Reserves | 2,981,757 | 2,842,861 |
| Accumulated losses | (83,078,463) | (81,260,442) |
| Total Equity | 2,784,258 | 4,467,041 |

24. SUBSEQUENT EVENTS

There have been no events subsequent to the balance date which would have a material effect on the Group's financial statements as at 30 June 2023.

25. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods by Group entities.

Certain comparative amounts have been reclassified to conform to the current year's presentation.

(a) Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

25. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Financial Instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. There were no debt investments at FVOCI during or at year end.

Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any Interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

25. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Financial Instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss. There were no equity investments at FVOCI during or at year end.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

Convertible notes are derecognised and converted to equity when a triggering event occurs as detailed in Note 15.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

(c) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment. Cost includes expenditures that are directly attributable to the acquisition of the asset.

(ii) Subsequent costs

The Company recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

25. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Plant and equipment (continued)(ii)

Subsequent costs (continued)

item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset. Depreciation is recognised in profit or loss on a straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

| | 2023 | 2022 |
|---------------------|-------------|-------------|
| Plant and equipment | 15% - 37.5% | 15% - 37.5% |
| Office equipment | 33% - 66.7% | 33% - 66.7% |

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(d) Foreign Currency

Transactions in foreign currencies are translated to the functional currency of Group entities at exchange rates at the dates of the transactions.

(e) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI. The Group did not have any debt investments at FVOCI during and as at 30 June 2023; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

25. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Impairment *(continued)*

(i) Non-derivative financial assets (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

25. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Revenue, income and government grants

Revenue

Performance obligations and revenue recognition policies:

| Type of product/service | Nature and timing of satisfaction of performance obligations, including significant payment terms | Revenue recognition under AASB 15 |
|--|---|--|
| Research and collaboration fees – recognised over time | <p>Customer obtains control as the underlying research services are performed. This usually occurs when the underlying activities are undertaken by the Group over time.</p> <p>Where an agreement contains a right to access the Group's IP this is also recognised over time.</p> | Revenue is recognised when the underlying expenses underpinning the delivery of services are incurred. |

Lease income

Refer accounting policy Note 25(n)

Government grants

The Group recognises an unconditional government grant as other income when the grant becomes receivable.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expense are recognised, unless conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

(g) Research and development expenditure

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the income statement as an expense as incurred. Patent costs relating to research activities are expensed as incurred. Plant and equipment acquired to perform research activities are capitalised where the plant and equipment are not specific in nature to the Group's research activities and can be sold or leased to third parties. Plant and equipment specific to the research activities of the Group are expensed on acquisition.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. 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. No costs were capitalised during the period. Other development expenditure is recognized in the profit and loss as incurred.

(h) Finance income and expenses

Finance income comprises interest income on term deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(i) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

25. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Income tax

recognised for temporary differences where the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

The Company and its Australian subsidiaries are part of a Tax Consolidated Group and subject to tax as a single entity. The US subsidiary is tax a single entity in the US.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group receives refundable R&D tax incentives administered through the taxation system. These incentives, as refundable, have been accounted for as a government grant within the scope of AASB 120 – refer to the accounting policy disclosed in note 25(f).

(j) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included in the statements of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(k) Segment Reporting

The Group determines and presents operating segments based on the information that internally is provided to the Group's chief operating decision maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Group primarily operates in one sector, being the biotechnology industry, developing and/or commercialising biotechnology research. All operations are in Australia. The Group employed a US based CEO until 2 August 2022 when he stepped down from the position. Approximately 8% of the Group's expenses were incurred in the USA when the Group was fully engaged in research and development activities.

(l) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit under which the entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Short term benefits

Short-term employee benefit obligations are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(m) Share based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

26. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Share based payment transactions

entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(n) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

(i) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'.

The Group owned a glasshouse located at La Trobe university which it leased to a third party until 1 April 2023.

(o) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(p) New standards and interpretations not yet adopted

Other Standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- COVID 19 Related rent concessions (Amendment to IFRS 16)
- Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16)
- Reference to conceptual framework (Amendments to IFRS 3)

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

- Classification of liabilities as current or non-current (Amendments to IAS 1)
- IFRS 17 Insurance contracts and amendments to IFRS 17 Insurance contracts
- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The Group determines that there is no impact of adopting the above standards.

26. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the oversight of risks. The Group maintains a control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from the Government and University in respect of research grants and accrued interest receivable from banks.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group prepares and monitors budgets to manage its liquidity for the short and long term.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Board of Directors oversee market risk exposures to optimise returns.

Currency risk

The Group's currency risk is limited to trade and other receivables, payables and cash and cash equivalents that are denominated in a currency other than the functional currency of the Group entities, primarily US dollar, Euro and GBP. The Group has bank accounts in all 3 currencies with the National Australia Bank and a US dollar bank account with the Bank of America. At 30 June 2023, there were receivables of \$Nil and payables of \$ 1,932 denominated in foreign currencies (2022 receivable: \$Nil, payable: \$1,528,736). At 30 June 23 the Group had US \$772 in the two group US dollar denominated bank accounts, and EUR 50

Interest rate risk

Interest income is earned on term deposits and cash at bank, which are based on prevailing market rates.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

26. FINANCIAL RISK MANAGEMENT (continued)

Operational risk (continued)

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management of the Group. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Capital management

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. As the Group is a development stage business, the Board of Directors monitors the Group's performance with particular regard to the progress of scientific programs, the commercialisation of those programs, the development of the Group's intellectual property and asset base and long-term share price performance. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

DIRECTORS' DECLARATION

- 1) In the opinion of the Directors of Hexima Limited ("the Company"):
 - a) The consolidated financial statements and notes that are set out on pages 26 to 60, are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;
 - ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - b) There are reasonable grounds to believe that the Company and Group will be able pay their debts as and when they become due and payable.
- 2) The Directors draw attention to Note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.
- 3) The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2023.

Signed in accordance with a resolution of the Directors:

Dated at Melbourne this 31st day of August 2023



Justin Yap
Acting Non-Executive Chairman



Dr Nicole van der Weerden
Non-Executive Director



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 audit of Hexima Limited for the financial year ended 30 June 2023 there have been:

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

KPMG

Adrian Nathanielsz

Partner

Melbourne

31 August 2023



Independent Auditor's Report

To the shareholders of Hexima Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Hexima Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2023
- 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
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of Hexima Limited (the Company) and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the following matters described below to be the Key Audit Matters.

Government grants – R&D tax incentive \$1,177,225

Refer to Note 4(b) of the Financial Report

| The key audit matter | How the matter was addressed in our audit |
|--|---|
| <p>The Group assesses their research and development (R&D) activities and related expenditures for eligibility for a refundable tax offset under an Australian Government tax incentive.</p> <p>Amounts recorded as income are a key audit matter due to:</p> <ul style="list-style-type: none"> the significant size of the R&D tax incentive recognised in the profit or loss and the corresponding amount receivable to the Group's financial position as at 30 June 2023; and the significant judgement required by the Group in determining the eligibility of their R&D expenditure under the incentive scheme. <p>The Group was assisted by an expert with their assessment of the eligibility of expenses underlying their claim.</p> <p>We focused on the assessment performed by the Group and their expert in determining the incentive scheme eligibility of the R&D expenditure underlying the Group's claim, as their basis of measuring the amount of the R&D tax incentive income and corresponding receivable.</p> <p>We involved tax specialists to supplement our senior audit team members in assessing this key audit matter.</p> | <p>Our procedures included:</p> <ul style="list-style-type: none"> Checking the R&D tax incentive income recognised by the Group to the R&D tax incentive calculation prepared by management's expert; Checking a sample of expenditure upon which the claim is based, to underlying documentation, such as invoices and payroll records; Involving our tax specialists, we assessed the eligibility of a sample of the expenditure underlying the Group's R&D tax incentive claim and the accuracy of the tax incentive calculation against current R&D tax legislation and guidance material issued by the legislators; and Assessing the classification of the R&D tax incentive income and associated disclosures in the financial statements using our understanding obtained from our testing and against the requirements of accounting standards. |



Other Information

Other Information is financial and non-financial information in Hexima Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the 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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Hexima Limited for the year ended 30 June 2023, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 13 to 20 of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG



Adrian Nathanielsz

Partner

Melbourne

31 August 2023