



APPENDIX 4E

Preliminary Final Report

ASX listing rule 4.3A

Hexima Limited

ABN: 64 079 319 314

Reporting period

Reporting period: 30 June 2022

Previous corresponding period: 30 June 2021

Results for announcement to the market

		30 June 2022 \$ '000	30 June 2021 \$ '000	% Change
Revenue from ordinary activities	Increased	5,811	4,164	40
Loss from ordinary activities after tax attributable to members	Increased	(10,021)	(6,874)	46
Loss for the year attributable to members	Increased	(10,021)	(6,874)	46

Shareholder Distributions

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

Net Tangible Assets per security

	30 June 2022 Cents	30 June 2021 Cents
Net tangible asset per security (including right-of-use assets)	2.73	2.33

Status of Audit

The report is based on financial accounts that are in the process of being audited. Hexima expects the audited financial accounts to contain an Emphasis of Matter regarding material uncertainty related to going concern.

Signed: _____

Date: 30 August 2021

Nicole van der Weerden
Chief Operating Officer and Executive Director

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Review of operations

During the period under review, Hexima continued development of its lead program, pezadeftide, as a topical treatment for nail fungus (onychomycosis).

Phase II clinical trial

In June 2022, Hexima reported results from its phase II clinical trial for pezadeftide as a treatment for onychomycosis (HXP124-ONY-002). HXP124-ONY-002 was designed and conducted as a multi-centre, randomized, double-blind, vehicle-controlled study to investigate the efficacy, safety and tolerability of pezadeftide (HXP124) in three dosing cohorts in patients with mild to moderate onychomycosis.

Pezadeftide was well-tolerated and safe in all three dosing cohorts. The summary of efficacy as at week 40 is shown in the table below. These endpoints are the pre-defined efficacy parameters in the phase II study and are as defined by FDA. There was no consistent effect observed in pezadeftide-treated patients at week 40 compared to vehicle-treated, with the best efficacy results observed in Cohort 2.

Efficacy Endpoint	Cohort 1		Cohort 2		Cohort 3	
	Vehicle (N=9)	HXP124 (N=26)	Vehicle (N=7)	HXP124 (N=26)	Vehicle (N=9)	HXP124 (N=27)
Mycological cure (%)	0	3 (11.5%)	0	5 (19.2%)	1 (11.1%)	2 (7.4%)
Complete or almost complete cure (%)	0	0	0	1 (4.0%)	1 (11.1%)	0
Clinical efficacy (%)	0	0	1 (14.3%)	4 (15.4%)	1 (11.1%)	1 (3.7%)
Complete cure (%)	0	0	0	0	0	0

- Mycological cure : Negative fungal culture and negative fungal microscopy
- Complete or almost complete cure: <5% toenail still affected and Mycological cure
- Clinical efficacy : <10% toenail still affected
- Complete cure : 100% clear toenail and Mycological cure

These data provide evidence of modest activity of pezadeftide in the treatment of onychomycosis, an observation generally supported by a *post hoc* and blinded review of the clinical appearance of the treated nails conducted by an independent clinician, a member of Hexima's Scientific Advisory Board. However, after careful consideration Hexima does not believe the data support the Company's goal of developing a safe, more effective and convenient topical therapy with a shorter course of treatment.

Investigational New Drug Application with FDA

In June 2022, Hexima filed an Investigational New Drug Application (IND #142947) with FDA to initiate a Phase I clinical trial in the US to evaluate the safety of pezadeftide in a maximal use setting. This IND is now open.

Review of financial condition

The Group had net cash outflows from operating activities of \$9,766,343 for the year ended 30 June 2022, compared with \$5,793,762 for the prior year. The variance in the most part resulted from the increased expenditure relating to the manufacturing development of pezadeftide and preparations for a phase III clinical trial. Revenue has increased in line with the increased expenses, as the Research and Development tax rebate correlates directly with increased qualifying research and development

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expenditure. The Group recorded a loss after tax of \$10,020,761 for the year ended 30 June 2022. A loss after tax of \$6,873,646 was recorded for the previous financial year

Financial position

Hexima has cash and short-term receivables of \$10,170,860 at 30 June 2022 (2021: \$7,445,019).

Change in capital structure

During the reporting period, Hexima completed a two-tranche placement and Share Purchase Plan (SPP) to raise a total of \$11 million at \$0.32 per share. A total of 34,375,317 new shares were issued. In January 2022, 1,394,088 new shares were issued to settle an outstanding debt of \$571,576.

Significant changes in the state of affairs

During the reporting period, Hexima completed a two-tranche placement and Share Purchase Plan (SPP) to raise a total of \$11 million at \$0.32 per share. A total of 34,375,317 new shares were issued.

In June, 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. Accordingly, Hexima intends to wind down its development program of pezadeftide for the treatment of onychomycosis in an orderly fashion, and will make no further significant investment.

There were no other significant changes in the state of affairs of the Group that occurred during the financial year ended 30 June 2022.

Events subsequent to the reporting date

As a consequence of the clinical trial results for pezadeftide, Hexima has commenced a process of winding down its research and development activities for pezadeftide. Hexima's contracts with its major research service providers have been, or are being, terminated and all non-essential employees have been made redundant.

In line with the Company's decision to wind-down its pezadeftide program and manage expenses, Hexima's Chief Executive Officer, Mr Michael Aldridge, resigned from his executive role on 2 August 2022. Hexima's Chief Operating Officer, Dr Nicole van der Weerden, assumed the role of Acting Chief Executive Officer. Mr Aldridge continues as a Non-Executive Director of the Company.

Following the steps that have been taken to date, Hexima expects to have cash and receivables of between \$2.0 and \$2.7M, and no other material tangible assets or liabilities, once current operations are finalised in Q4 2022. This includes Hexima's FY2023 R&D Tax Incentive rebate receivable of approximately \$0.4M.

Other than the matters noted above, 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 2022.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

		Consolidated	
	Notes	2022	2021
Revenue			
Lease income	4(a)	399,647	392,948
Government grants	4(b)	5,411,061	3,770,581
		<u>5,810,708</u>	<u>4,163,529</u>
Expense			
Contracted research		(1,946,464)	(1,885,007)
Other research and development	5	(9,534,396)	(5,794,736)
Patent and legal		(361,873)	(208,582)
Marketing and business development		(350,681)	(109,339)
Employee benefits		(2,747,097)	(2,293,087)
Depreciation		(141,388)	(147,979)
Other	6	(633,524)	(550,438)
		<u>(15,715,423)</u>	<u>(10,989,168)</u>
Results from operating activities		(9,904,715)	(6,825,639)
Finance income	7	-	99,423
Finance expense	7	(113,765)	(147,430)
Gain / (loss) on disposal of asset		(2,281)	-
Net other (expense) / income		<u>(116,046)</u>	<u>(48,007)</u>
Loss before income tax		(10,020,761)	(6,873,646)
Income tax expense		-	-
Loss for the period		<u>(10,020,761)</u>	<u>(6,873,646)</u>
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive loss for the period		<u>(10,020,761)</u>	<u>(6,873,646)</u>
Loss attributable to:			
Owners of the Company		(10,020,761)	(6,873,646)
Loss for the period		<u>(10,020,761)</u>	<u>(6,873,646)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(10,020,761)	(6,873,646)
Total comprehensive loss for the period		<u>(10,020,761)</u>	<u>(6,873,646)</u>
Basic EPS (cents per share)	15	(6.56)	(6.14)
Diluted EPS (cents per share)	15	(6.56)	(6.14)

The accompanying notes form part of these financial statements

HEXIMA LIMITED
PRELIMINARY FINAL REPORT



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

		Consolidated	
	Notes	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	9	3,957,263	3,421,881
Receivables	10	6,213,597	4,023,138
TOTAL CURRENT ASSETS		10,170,860	7,445,019
NON-CURRENT ASSETS			
Plant and equipment	11(a)	106,117	131,998
Investment Property	11(b)	883,288	998,032
TOTAL NON-CURRENT ASSETS		989,405	1,130,030
TOTAL ASSETS		11,160,265	8,575,049
CURRENT LIABILITIES			
Trade and other payables	12	6,249,946	3,293,844
Loans and borrowings	13	-	31,996
Employee benefits	14	344,421	586,871
TOTAL CURRENT LIABILITIES		6,594,367	3,912,711
NON-CURRENT LIABILITIES			
Trade and other payables	12	-	1,616,758
TOTAL NON-CURRENT LIABILITIES		-	1,616,758
TOTAL LIABILITIES		6,594,367	5,529,469
NET ASSETS/(DEFICIENCY IN NET ASSETS)		4,565,898	3,045,580
EQUITY			
Share capital	15	82,884,622	71,905,180
Reserves	15	2,842,861	2,281,224
Accumulated losses		(81,161,585)	(71,140,824)
TOTAL EQUITY / (DEFICIENCY IN EQUITY)		4,565,898	3,045,580

The accompanying notes form part of these financial statements

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HEXIMA LIMITED
PRELIMINARY FINAL REPORT



CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

		Consolidated	
		2022	2021
Notes		\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES			
	Cash receipts from government grants & collaboration agreements	4,196,597	2,017,046
	Cash receipts from lease agreement	440,796	538,820
	Cash paid to suppliers and employees	(14,403,737)	(8,349,628)
	Net cash used in operating activities	(9,766,343)	(5,793,762)
	16(b)		
CASH FLOWS FROM INVESTING ACTIVITIES			
	Interest received	1,547	1,520
	Payments for plant and equipment	(3,349)	(2,423)
	Net cash from investing activities	(1,802)	(903)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Payments received on issue of options	66,000	-
	Payback of Paycheck Protection Program to the US Government	(23,477)	-
	Proceeds from the issue of ordinary shares	11,000,107	8,700,000
	Payments to raise capital	(698,984)	(797,347)
	Proceeds from Convertible note issue	-	-
	Net cash from financing activities	10,343,647	7,902,653
	Net increase / (decrease) in cash and cash equivalents	575,501	2,107,988
	Effect on movements in exchange rates on foreign currency denominated cash at bank	(40,119)	(43,754)
	Cash and cash equivalents at 1 July	3,421,881	1,357,647
	Cash and cash equivalents at 30 June	3,957,263	3,421,881
	16(a)		

The accompanying notes form part of these financial statements

HEXIMA LIMITED
PRELIMINARY FINAL REPORT



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Ordinary Shares \$	Equity Option reserve \$	Equity Compensation reserve \$	Accumulated Losses \$	Total equity \$
2021						
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 period		-	-	-	(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
Issue Convertible Notes		-	-	-	-	-
Capital Raising Costs		(658,236)	-	-	-	(658,236)
Share based payment expenses	8	-	-	561,637	-	561,637
Amount received on issue of options		-	-	-	-	-
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

	Note	Ordinary Shares \$	Equity Option reserve \$	Equity compensation reserve \$	Accumulated Losses \$	Total equity \$
2021						
Opening balance at 1 July 2020		61,006,378	200,000	1,440,525	(64,267,178)	(1,620,275)
Total comprehensive loss for the period						
Net (loss) for the period		-	-	-	(6,873,646)	(6,873,646)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year		-	-	-	(6,873,646)	(6,873,646)
Transactions with owners recorded directly in equity						
Issue Ordinary shares		8,700,000	-	-	-	8,700,000
Issue Convertible Notes		3,246,791	-	-	-	3,246,791
Capital Raising Costs		(1,047,989)	-	-	-	(1,047,989)
Share based payment expenses	8	-	250,216	390,483	-	640,699
Amount received on issue of options		-	-	-	-	-
Issue of shares on exercise of options		-	-	-	-	-
Total contributions by and distributions to owners		10,898,802	250,216	390,483	-	11,539,501
Closing balance at 30 June 2021		71,905,180	450,216	1,831,008	(71,140,824)	3,045,580

The accompanying notes form part of these financial statements

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HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEAR ENDING 30 JUNE 2022

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 Level 4, LIMS 2, La Trobe University, Victoria, 3086. The consolidated financial statements of the Company as at and for the year ended 30 June 2022 comprises the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group is actively engaged in the research and development of plant-derived proteins for applications as human therapeutics. Hexima’s lead product candidate, pezadeftide (previously referred to as HXP124) applied in a topical formulation, is a potential new prescription treatment for toenail fungal infections (or onychomycosis).

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 30 August 2022.

Changes to significant accounting policies are described in Note 2(e).

(b) Basis of measurement

The financial report has been prepared on the basis of historical cost, except for share options and the embedded derivative in respect of convertible debt which has been measured at fair value.

(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.

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2. BASIS OF PREPARATION *(continued)*

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

Measurement of fair values (continued)

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

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 measure the following assets/liabilities at fair value: Share-based payment transactions and convertible notes.

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 normal operations and the realisation of assets and settlement of liabilities in the ordinary course of operations. In making this assessment, the directors have considered future events and conditions for a period of at least 12 months following the approval of these financial statements.

The Group has a history of losses and incurred a loss after tax for the year ended 30 June 2022 of \$10,020,761 (2021: loss after tax of \$6,873,646) and as at 30 June 2022 has a surplus in net current

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2. BASIS OF PREPARATION *(continued)*

(e) Going concern basis of accounting *(continued)*

assets of \$3,576,493 (2021: surplus of net current assets of \$3,532,308) and an overall net asset surplus of \$4,565,898 (2021: net surplus of \$3,045,580).

Notwithstanding the history of operating losses, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis based on the following mitigating factors:

- The Group has not entered into any long term contractual commitments and its major expenditure (R&D) has been curtailed in line with the cash resources available;
- The Group has demonstrated it has the ability to negotiate creditor settlement terms with its major research service provider to align with cash resources available to it, and has a commitment to allow the Group to defer \$1,681,428 of amounts payable and repay this amount on 31 December 2022. In addition, the Group has entered into negotiations to sell its glasshouse to the provider. The proceeds of sale will be used to retire part of this deferred liability with the provider.
- The Directors have prepared a cash flow forecast for the period from 1 July 2022 until 31 December 2023. This forecast indicates the Group has sufficient capital to meet its expected liabilities through this period.
- Hexima is listed on ASX and has the ability to raise capital to fund its future operations.
- Hexima's ongoing strategy is to actively explore opportunities for transactions with third parties which could enable the potential value of the Company's assets, including its intellectual property and other intangible assets, to be realised. These may include acquisitions or mergers. As opportunities are identified, Hexima is entering into preliminary discussions with relevant parties. However, given the early stage of development of these opportunities, there can be no certainty that a transaction will proceed or an agreement will be reached on terms acceptable to Hexima and its shareholders.
- If the Company does not raise capital or identify and complete an acceptable transaction, the Company may commence a planned windup. However, until that decision is made the directors believe the entity remains a going concern.

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. The majority of operations are in Australia. The Group employs a US based CEO, CDO and CCO and approximately 8% of the Groups expenses are incurred in the USA.

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4. LEASING INCOME AND GOVERNMENT GRANTS

	Consolidated	
	2022	2021
	\$	\$
(a) Lease income		
Income from rental of glasshouse	399,647	392,948
(b) Government grants		
R&D tax incentive	5,391,061	3,657,085
COVID-19	-	81,500
Other	20,000	31,996
	5,810,708	4,163,529

5. OTHER RESEARCH AND DEVELOPMENT EXPENDITURE

	Consolidated	
	2022	2021
	\$	\$
Other research and development expenditure	9,534,396	5,794,736
	9,534,396	5,794,736

6. OTHER EXPENSES

	Consolidated	
	2022	2021
	\$	\$
Administration and compliance costs	391,720	427,733
Other expenses	241,804	122,705
	633,524	550,438

7. FINANCE INCOME AND EXPENSE

	Consolidated	
	2022	2021
	\$	\$
Interest income on term deposit and cash at bank	1,544	1,453
Interest expense on convertible note issue	-	(44,935)
Interest on discounted long term debt	(64,670)	97,970
Foreign exchange gain/(loss)	(50,639)	(56,887)
Derivative instrument gain	-	(45,608)
Finance (expense)/income	(113,765)	(48,007)



8. SHARE-BASED PAYMENTS

At 30 June 2022, 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 2022 are as follows;

Grant date / parties entitled	Number of instruments	Vesting conditions	Contractual life of options
Options granted 1 January 2018 to key management	312,500	Vesting upon continuous service until 31 December 2018	5 years
Options granted 1 January 2018 to other personnel	143,000	Vesting immediately	5 years
Options granted 1 January 2018 to other personal	45,000	Vested upon completion of various performance related milestones – all vested	5 years
Options granted 1 January 2018 to other personnel	50,000	Vested upon delivery of certain licensing and technology advice – all vested	5 years
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	143,000	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	4,892,500	Tranche 1 25% vesting 14 October 2021, and monthly thereafter until 14 October 2024	10 years
Options granted 14 October 2020 to other personnel	475,000	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 14 September 2021 to key management	149,000	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 directors	841,000	Vesting upon continuous service until 27 July 2022	10 years
Options granted 2 December 2021 to executive directors	802,000	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
Options granted 2 December 2021 to key management	600,000	25% vesting 2 December 2022, and in equal monthly instalments thereafter until 2 December 2025	10 years
Options granted 31 January 2022 to key management	600,000	25% vesting 31 January 2022, and in equal monthly instalments thereafter until 31 January 2026	10 years
Options granted 19 April 2022 to other personnel	600,000	25% vesting 19 April 2023, and in equal monthly instalments thereafter until 19 April 2026	10 years
Total share options	15,439,500		

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8. SHARE-BASED PAYMENTS *(continued)*

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
	2022	2022	2021	2021
Outstanding at 1 July	\$0.31	12,373,500	\$0.78	8,802,500
Exercised during the period	\$0.16	(412,500)	-	-
Cancelled during the period	-	-	\$0.94	(5,452,500)
Lapsed during period	\$0.32	(625,000)	\$0.59	(1,094,000)
Granted during the period	\$0.28	4,128,500	\$0.27	10,117,500
Outstanding at 30 June	\$0.31	15,439,500	\$0.31	12,373,500

The options outstanding at 30 June 2022 have various exercise prices (\$0.20, \$0.205, \$0.27, \$0.30, \$0.33, \$0.345, \$0.37, \$0.40, \$0.60 and \$1.00) and a weighted average remaining contractual life of 6.7 years.

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.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans issued to directors, key management personnel and other in FY22 were:

- Non executive Directors; 841,000 options with Risk-free rate 1.68%, exercise price of \$0.205, fair value at grant date \$0.309, expected volatility (annualised) 93.00%, expected life of 10 years, and an annualised dividend rate of 0%.
- Non executive Directors; 536,500 options with Risk-free rate 1.68%, exercise price of \$0.27, fair value at grant date \$0.304, expected volatility (annualised) 93.00%, expected life of 10 years, and an annualised dividend rate of 0%.
- Executive Directors; 802,000 options with Risk-free rate 1.68%, exercise price of \$0.205, fair value at grant date \$0.309, expected volatility (annualised) 93.00%, expected life of 10 years, and an annualised dividend rate of 0%.
- Management Personnel; 149,000 options with Risk-free rate 1.22%, exercise price of \$0.205, fair value at grant date \$0.333, expected volatility (annualised) 93.00%, expected life of 10 years, and an annualised dividend rate of 0%.
- Management Personnel; 600,000 options with Risk-free rate 1.68%, exercise price of \$0.345, fair value at grant date \$0.298, expected volatility (annualised) 93.00%, expected life of 10 years, and an annualised dividend rate of 0%.
- Management Personnel; 600,000 options with Risk-free rate 1.88%, exercise price of \$0.37, fair value at grant date \$0.3224, expected volatility (annualised) 93.00%, expected life of 10 years, and an annualised dividend rate of 0%.
- Management Personnel; 600,000 options with Risk-free rate 3.07%, exercise price of \$0.33, fair value at grant date \$0.2901, expected volatility (annualised) 93.00%, expected life of 10 years, and an annualised dividend rate of 0%.



8. SHARE-BASED PAYMENTS *(continued)*

Employee expenses	Consolidated	
	2022	2021
Current	\$	\$
Share options expense	561,637	390,483
Total expense recognised as employee costs	561,637	390,483

9. CASH AND CASH EQUIVALENTS

	Consolidated	
	2022	2021
	\$	\$
Cash on hand	952	952
Cash at bank	3,956,311	3,420,929
	3,957,263	3,421,881

10. RECEIVABLES

	Consolidated	
	2022	2021
Current	\$	\$
Trade receivables	112,763	110,135
R&D Tax Incentive Receivable – ATO	5,391,390	3,661,103
Prepayments and other receivables	709,444	251,900
	6,213,597	4,023,138

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11.(a) PLANT AND EQUIPMENT

Consolidated	Plant and Equipment	Office	Total
Cost	\$	Equipment	\$
Cost	\$	\$	\$
Balance at 1 July 2021	1,059,225	22,093	1,081,318
Additions	-	3,045	3,045
Disposals	(12,003)	-	(12,003)
Transfer to investment property	-	-	-
Balance at 30 June 2022	1,047,222	25,138	1,072,360
Balance at 1 July 2020	3,424,934	19,670	3,444,604
Additions	-	2,423	2,423
Transfer to investment property	(2,365,709)	-	(2,365,709)
Balance at 30 June 2021	1,059,225	22,093	1,081,318
Accumulated depreciation			
Balance at 1 July 2021	929,970	19,386	949,356
Depreciation for the year	24,324	2,220	26,544
Disposals	(9,622)	-	(9,622)
Transfer to investment property	-	-	-
Balance at 30 June 2022	944,673	21,605	966,278
Balance at 1 July 2020	2,152,057	16,961	2,169,018
Depreciation for the year	145,590	2,389	147,979
Transfer to investment property	(1,367,677)	-	(1,367,677)
Balance at 30 June 2021	929,970	19,350	949,356
Carrying amounts			
At 30 June 2021	129,255	2,743	131,962
At 30 June 2022	102,549	3,533	106,082

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11.(b) INVESTMENT PROPERTY

The Group holds one investment property, a glasshouse facility measured at cost. Hexima considers the fair value of the glasshouse to be \$0.95million based on the potential rental return. The glasshouse has been wholly leased to a third party.

Cost	Glasshouse	\$
Balance at 30 June 2021	2,365,709	
Transfer from property, plant and equipment	-	
Disposals	-	
Balance at 30 June 2022	<u>2,365,709</u>	
Balance at 1 July 2020	-	
Transfer from property, plant and equipment	2,365,709	
Disposals	-	
Balance at 30 June 2021	<u>2,365,709</u>	
Accumulated depreciation		
Balance at 30 June 2021	1,367,677	
Transfer from property, plant and equipment	-	
Depreciation for the year	114,744	
Disposals	-	
Balance at 30 June 2022	<u>1,482,421</u>	
Balance at 1 July 2020	-	
Transfer from property, plant and equipment	1,367,677	
Disposals	-	
Balance at 30 June 2021	<u>1,367,677</u>	
Carrying amounts		
At 30 June 2021	998,032	
At 30 June 2022	<u>883,288</u>	

12. TRADE AND OTHER PAYABLES

	Consolidated	
	2022	2021
Current	\$	\$
Trade payables and other	5,180,661	2,678,680
Other payables & accrued expenses	966,774	516,119
Rental income received in advance	102,511	99,045
	<u>6,249,946</u>	<u>3,293,844</u>
Non-Current		
Trade payable	-	1,616,758
	<u>-</u>	<u>1,616,758</u>

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13. LOANS AND BORROWINGS

	Consolidated	
	2022	2021
Current	\$	\$
US Government Loan - Paycheck Protection Program	-	31,996
	-	31,996

14. EMPLOYEE BENEFITS

	Consolidated	
	2022	2021
Current	\$	\$
Accrued salary and wages	-	-
Accrued bonus	-	338,730
Superannuation	18,577	12,876
Liability for annual leave	161,187	82,787
Liability for long service leave	164,657	152,478
	344,421	586,871

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15. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

Consolidated and the Parent Entity

Ordinary Shares	Number of Shares		Amount	
	2022	2021	2022	2021
			\$	\$
On Issue at 1 July	130,857,724	130,238,789	71,905,180	61,006,378
Issued via Placement		57,000,000		5,700,000
Issued via convertible note conversion		44,476,598		3,246,791
Total ordinary shares pre share consolidation		231,715,387		69,953,169
Total ordinary shares post 1:2 consolidation		115,857,724		69,953,169
Issued via Public Offer		15,000,000		3,000,000
Issue via Placement	31,250,000		10,000,000	
Issue via Share purchase plan	3,125,317		1,000,101	
Issue via reduction in debt	1,394,088		571,576	
Issue via exercise of options	412,500		66,000	
Capital raising costs			(658,235)	(1,047,989)
On issue at 30 June – fully paid	167,039,629	130,857,724	82,884,622	71,905,180

Shares in the Company were consolidated on a one for two basis in October 2020. The total shares post consolidation is not exactly half of the pre consolidation total due to rounding of uneven share holdings.

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.

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	
	2022	2021	2022	2021
			\$	\$
On issue at 1 July	3,000,000	-	450,216	200,000
Issued to lead manager of Public Offer	-	3,000,000	-	250,216
On issue at 30 December	3,000,000	3,000,000	450,216	450,216



15. CAPITAL AND RESERVES (continued)

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	
	2022	2021	2022 \$	2021 \$
On issue at period beginning	9,373,500	17,605,000	1,831,008	1,440,525
Options on issue post consolidation	9,373,500	8,802,500	1,831,008	1,440,525
Issued as compensation	4,128,500	7,117,500	561,637	390,483
Exercise of share options	(412,500)	-	-	-
Cancelled options	-	(5,452,500)	-	-
Lapsed options	(650,000)	(1,094,000)	-	-
On issue at period end	12,439,500	9,373,500	2,392,645	1,831,008
Total Reserve at period end	15,439,500	12,373,500	2,842,861	2,281,224

Shares in the Company were consolidated on a one for two basis in October 2020, options were consolidated on an equivalent basis.

Options issued during the period

1,349,000 options were granted throughout the year to members of the management team, and 2,779,500 options were granted 2 December 2021 to the chairman, executive directors and non-executive directors.

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.

Earnings per Share

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

	2022	2021
Net loss	(10,020,761)	(\$6,873,646)
Weighted average number of ordinary shares	152,688,237	111,923,137
Basic EPS (cents per share)	(6.56)	(6.14)
Diluted EPS (cents per share)	(6.56)	(6.14)

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.

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16. NOTES TO THE STATEMENT OF CASHFLOW

16a. RECONCILIATION OF CASH

	Note	Consolidated	
		2022	2021
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	11	3,957,263	3,421,881

16b. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	2022	2021
Cash flows from operating activities	\$	\$
Loss for the period	(10,020,761)	(6,873,646)
<i>Adjustments for:</i>		
Interest received and foreign exchange differences – classified as investing activity and movement in cash	113,765	2,399
Derivative instrument gain/(loss)	-	45,608
Depreciation	141,388	147,979
Equity settled debt	571,576	-
Equity settled share based payment expense	561,637	640,699
Operating loss before changes to working capital	(8,632,395)	(6,036,961)
Decrease/(Increase) in trade and other receivables and prepayments	(2,190,459)	(1,731,058)
(Decrease)/Increase in payables and employee benefits	1,056,511	1,974,257
Net cash used in operating activities	(9,766,343)	(5,793,762)

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