

HEXIMA LIMITED

ASX ANNOUNCEMENT



29 August 2024

2024 ANNUAL REPORT

MELBOURNE, AUSTRALIA (29 August 2024): Hexima Limited (ASX: HXL) provides the attached Annual Report for the financial year ended 30 June 2024.

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

Enquiries:

Leanne Ralph

Company Secretary

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Hexima Limited

FINANCIAL REPORT

For the year ended 30 June 2024

CORPORATE DIRECTORY

Directors

Mr Geoffrey Kempler
Mr Justin Yap
Mr Phillip Hains

Chairman and Managing Director
Non-Executive Director
Non-Executive Director

Company Secretary

Ms Leanne Ralph

Registered Office

Hexima Limited
c/- Acclime, Level 3, 62 Lygon Street
Carlton, Victoria, 3053 Australia

Share Registry

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

Auditor

William Buck
Level 20,
181 William Street
Melbourne Victoria 3000, Australia

Stock Exchange

Australian Securities Exchange Ltd

ASX code

HXL

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CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement is current at 30 June 2024 and appears at the end of this Financial Report

The Corporate Governance statement was approved by the Board of Directors on 26th August 2024.

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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 2024 and the auditor’s report thereon.

DIRECTORS

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

Geoffrey Kempler BSc (Monash University); Grad Dipp App Soc Psych (Swinburne University)

Chairman and Managing Director

Mr Kempler is a qualified psychologist with extensive experience in investment and business development. He has been Chairman and Founder of Alterity Therapeutics Limited (ASX:ATH) board of directors since 1997 and served as Chairman and non-executive director of Opthea Limited, an ASX and NASDAQ listed drug development company, from November 2015 until October 2020. He was Chairman of Ausbiotech, and Australian biotechnology organisation, from November 2021 until November 2023

Mr Kempler has been a director of the Company since 5 September 2023.

Justin Yap B.Com (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.

Mr Yap has been a director of the Company since 17 July 2018.

Phillip Hains B. Comm, CA, MBA (RMIT)

Non-Executive Director

Mr Hains is a Chartered Accountant operating a specialist public practice, The CFO Solution, now part of Acclime Australia. The CFO Solution focuses on providing back-office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Mr Hains has served the needs of several company boards and their related committees. He has over 30 years' experience in providing businesses with accounting, administration, compliance and general management services.

Mr Hains has been a director of the Company since 18 September 2023.

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

Former Non-Executive Chairman - deceased 29 July 2023

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.

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

Non-Executive Director – resigned 5 September 2023

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 at Questcor Pharmaceuticals, Inc., a publicly traded biopharmaceutical company acquired by Mallinckrodt Pharmaceuticals in 2014.

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 was a director of the Company from 21 May 2019 until 5 September 2023. Mr Aldridge stepped down from his role as Chief Executive Officer and Managing Director on 1 August 2022 but remained a non-executive director until his resignation on 5th September 2023.

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DIRECTORS' REPORT

Dr. Nicole van der Weerden BSc, PhD (La Trobe University); MBA (Melbourne Business School); AICD

Non-Executive Director – resigned 29 November 2023

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 worked for Hexima and led the gene discovery program for the Pioneer partnership on 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 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. She was a director of the Company from 16 December 2014 until her resignation on 29th November 2023.

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

Non-Executive Director- resigned 5 September 2023

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 before that a member of the Healthcare Investment Banking groups at Merrill Lynch & Co. and Thomas Weisel Partners

Mr Robertson was a director from 21 November 2018 until his resignation on 5 September 2023.

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

Non-Executive Director – resigned 5 September 2023

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., Trevana 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 a director from 1 September 2021 until his resignation on 5 September 2023.

Company Secretary

Ms Leanne Ralph is the Company Secretary. Ms Ralph was appointed as Company Secretary 6 October 2021. She is an experienced Company Secretary with over 17 years in this field and holds this position for several ASX-listed entities. Ms Ralph is a fellow of the Governance Institute of Australia and a Graduate Member of the Australian Institute of Directors.

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DIRECTORS' REPORT

Directors' Meetings

The number of directors' meetings and the number of meetings attended by each of the directors of the Company during the financial year are:

	BOARD MEETINGS		CIRCULAR RESOLUTIONS
	HELD	ATTENDED	SIGNED
Geoffrey Kempler ⁽¹⁾	-	-	7
Justin Yap	3	2	8
Phillip Hains ⁽²⁾	-	-	7
Jonathan West ⁽³⁾	1	-	-
Michael Aldridge ⁽⁴⁾	3	3	-
Nicole van der Weerden ⁽⁵⁾	3	3	2
Scott Robertson ⁽⁴⁾	3	3	-
Jason (Jake) Nunn ⁽⁴⁾	3	3	-

(1) Appointed 5 September 2023

(2) Appointed 18 September 2023

(3) Deceased 29 July 2023

(4) Resigned 5 September 2023

(5) Resigned 29 November 2023

Following the board restructure in September 2023, formal board meetings were not convened. Instead, the board met informally, making decisions through circular resolutions.

Due to the wind down of operations and the small number of directors there were no operational sub-committees during the year and all critical decisions were made by the board.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was the exploration of transactions with third parties which could enable the potential value of the Company's assets, including its intellectual property, to be realised.

OPERATING AND FINANCIAL REVIEW OF THE GROUP

Financial performance

	2023	2022
	\$	\$
Revenue and other income	102,459	1,556,104
Net loss after tax attributable to members	(933,873)	(1,918,886)
Dividends	NIL	NIL

Review of operations

Having completed the wind down of its pezadeftide development program in the 2023 financial year after the disappointing results of its phase II clinical trial program, the Company's activities during the year ended 30 June 2024 largely comprised finalising compliance matters and actively exploring opportunities for transactions with third parties which could enable the potential value of the Company's assets, including its intellectual property assets, to be realised.

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DIRECTORS' REPORT

Review of operations (*continued*)

Hexima entered into an agreement with Deftbiotech Pty Ltd, an entity associated with the inventor of the pezadeftide technology and founders of Hexima, who has taken on the rights to pezadeftide and assumed all costs associated with maintaining the intellectual property and future development. Hexima will be entitled to a royalty on any revenue generated from the intellectual property. Hexima also maintains rights to potential future royalties associated with insecticidal genes discovered during its collaboration with DuPont Pioneer, now Corteva Agrisciences (Corteva). One of the families of genes identified during this collaboration was recently published by Corteva in the prestigious scientific journal- Proceedings of the National Academy of Science (PNAS) - and Corteva continues to pursue development of these insecticidal molecules for use in transgenic crops. No further investment is required by Hexima for this program and Corteva is responsible for all development and commercialisation costs.

During the current year the Company also restructured its board. Following the passing of former Chairman Professor Jonathan West, Mr Geoffrey Kempler was appointed as the new Chairman and Managing Director on 5th September 2023 and Phillip Hains was appointed as a non-executive director on 18th September 2023.

With the appointment of a new Chairman to lead the future direction of the Company its US based directors, Michael Aldridge, Scott Robertson, and Jake Nunn, who had remained as directors to assist the Company in its formulation of a new direction, considered it appropriate to offer their resignations.

Moreover, Dr Nicole van der Weerden, who had a long tenure with the Company as an executive and director and had also remained as a non-executive director in a continuing role supporting the finalisation of the wind-down process and exploring transaction opportunities, resigned as a non-executive director on 28 November 2023.

The Board expresses its sincere gratitude to each of Dr Nicole van der Weerden, Michael Aldridge, Scott Roberston and Jake Nunn for their dedication and commitment to the Company.

Review of financial condition

The Group had net cash outflows from operating activities of \$201,958 for the year ended 30 June 2024 compared with \$1,802,250 for the prior year, with the variance largely reflecting that the wind down of its research and development operations were substantially completed in the prior year.

The Group recorded a loss after tax of \$933,873 for the year ended 30 June 2024. A loss after tax of \$1,918,886 was recorded for the previous financial year.

Financial position

As at 30 June 2024, the Group had \$2,269,004 in cash and receivables (30 June 2023: \$2,956,698).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the Group that occurred during the financial year ended 30 June 2024.

DIVIDEND

The Company has not paid or declared any dividends during or since the end of the financial year ended 30 June 2024.

RISKS

The directors have identified the following risks which are relevant to the Group:

a) risk of finding a suitable business for a reverse acquisition transaction, obtaining regulatory approvals and successfully executing the transaction. As noted below, the Company has announced a proposed transaction and capital raise but there remains a risk that the transaction may not proceed.

b) risk of ATO / AusIndustry finding research and development activities or expenditure to be ineligible and clawing back past claims with penalties and interest. However, it is the directors' view that there is no probable likelihood that any potential action may take place (see note 2(a) "Use of estimates and judgements" to the Consolidated Financial Statements)

DIRECTORS' REPORT

EVENTS SUBSEQUENT TO REPORTING DATE

On 24 July 2024 the Company announced a proposal to acquire Real Thing Entertainment Pty Ltd (RealThing), an AI platform developer, through a conditional share sale agreement under which Hexima will acquire 100% of RealThing by issuing 78,974,300 HXL shares and 8,721,504 options (post a 1-for-10 consolidation). Convertible notes worth \$500,000 will be redeemed with 2.5 million HXL shares issued to two RealThing shareholders.

Hexima's acquisition of RealThing will represent a strategic shift towards AI-driven solutions. RealThing has developed an artificial intelligence platform called AiSAP (Autonomous Intelligent Software Agent Platform). AiSAP provides a new paradigm in user device interaction. Instead of asking questions, the user asks for an outcome communicating in natural language. AiSAP agents deliver that outcome in a changing and dynamic environment. The first set of products, which are currently sold in the UK and USA markets, are assistive applications for the visually impaired.

Hexima plans to raise \$4 million to \$7.5 million (before costs) via a public offer to fund research and development, sales, marketing, engineering, corporate, and administration expenses.

Hexima also proposes appointing Mr. Silvio Salom (a director of RealThing) and Dr. Michael Georgeff (a pioneer in intelligent agents) as directors and appointing other new senior management upon completion of the transaction and proposes that Mr Geoffrey Kempler will continue as Managing Director, and Mr Phillip Hains will continue as a non-executive director and that Hexima will change its name to RealThing AI Limited post-acquisition.

Upon completion of the transaction Hexima will become the holding company of RealThing and its corporate group, with RealThing's business becoming the Company's main undertaking.

The transaction requires shareholder approval and compliance with ASX Listing Rules and is subject to ASX's discretion regarding Hexima's re-admission and quotation.

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
Geoffrey Kempler	-	3,350,000
Justin Yap ⁽¹⁾	-	536,500
Phillip Hains	-	-
Jonathan West	3,000,000	1,393,000
Michael Aldridge	-	-
Dr. Nicole van der Weerden	394,700	1,394,000
Scott Robertson	-	536,500
Jason (Jake) Nunn	93,750	536,500
Total	3,488,450	7,746,500

1. A related party of Justin Yap holds 17,684,540 shares in the Company.

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 November 2024	\$1.00	32,500
28 January 2025	\$1.00	250,000
4 September 2028	\$0.0575	3,350,000
14 October 2030	\$0.20	2,900,000
27 July 2031	\$0.205	1,085,000
1 September 2031	\$0.275	536,500
		8,154,000

Shares issued on exercise of options

No shares were issued on exercise of options during the year

INDEMNIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

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

During the financial year, the Company paid a premium of \$40,104 (2023: \$148,571) in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. This contract expired on 30 August 2023 and was not renewed. 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, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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 2024, key management personnel comprised all directors.

Key Management Personnel - Directors	
Mr Geoffrey Kempler	Chairman and Managing Director – appointed 5 September 2023
Professor Jonathan West	Non-Executive Chairman - deceased 29 July 2023
Mr Justin Yap	Non-Executive Director (Acting Chairman from 16 August 2023 until 5 September 2023)
Mr Phillip Hains	Non-Executive Director – appointed 18 September 2023
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 Michael Aldridge	Non-Executive Director - Resigned 5 September 2023
Mr Scott Robertson	Non-Executive Director – Resigned 5 September 2023
Mr Jason (Jake) Nunn	Non-Executive Director – Resigned 5 September 2023

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DIRECTORS' REPORT

AUDITED REMUNERATION REPORT – (Continued)

Remuneration levels for key management personnel are set to attract and retain appropriately qualified and experienced directors and executives. When relevant, board obtains independent advice on remuneration packages and reviews remuneration at least on an annual basis. No independent advice was sought from a consultant during the year.

Remuneration structures consider 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, as well as employer contributions to superannuation funds.

Performance Linked Remuneration

Long term incentives may be provided as options over the Company's ordinary shares and other securities. Details are provided in the Directors' and Officers' Remuneration table in the Directors' Report.

Service Contracts

Executive Director

Mr Geoffrey Kempler was appointed as Chairman and Managing Director on 5th September 2023 and will hold this office until the next Annual General Meeting and then be subject to re-election at that meeting

Pursuant to his service contract Mr Kempler is paid a fee of A\$52,000 per annum plus superannuation and was granted 3,350,000 options to acquire shares in the company under the Company's Long Term Incentive Plan. Mr Kempler can resign at any time subject to reasonable notice.

The Company also entered into a Consultancy Services Agreement with Kemdev Pty Ltd, a related party of Geoffrey Kempler, on 5 September 2023 for the provision of consultancy services over 12 months for a fee of \$100,000, of which \$50,000 was paid on commencement of the agreement and \$50,000 is payable upon completion by the Company of a merger or acquisition transaction.

Non-Executive Directors

The terms of appointment for non-executive directors provides that board fees will be paid as agreed by the board and that equity compensation may be provided in lieu of cash compensation.

No non-executive director received any cash payments during the year and no share options were granted during the year.

During the year, payments for due diligence services from The CFO Solution HQ Pty Ltd (a related entity of Phillip Hains) of \$80,300 (including GST) were made and there was a current trade balance payable as at 30 June 2024 of \$11,661 (including GST). These transactions were made on normal commercial terms and at market rates. During the year Phillip Hains also paid \$100,000 to the Company as application monies in anticipation of an issue of shares, pending approval at the Company's next AGM.

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.

Non-executive directors have not received any cash payments since 1 January 2015 and have instead received equity compensation.

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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:

2024	Short Term				Share based payments	Post employment	Total Remuneration	Value of Bonus as proportion of remuneration (3)	Value of options as proportion of remuneration
	Fixed Remuneration (Salary & Fees)	Termination Benefits	Leave Benefits	Health Cover	Expensing of Options held (1)	Superannuation / 401(k)			
Executive Director									
Geoffrey Kempler (2)	42,611	-	-	-	62,515	4,687	109,813	-	57%
Non-executive Directors									
Justin Yap	-	-	-	-	-	-	-	-	-
Phillip Hains	-	-	-	-	-	-	-	-	-
Jonathan West	-	-	-	-	-	-	-	-	-
Michael Aldridge	-	-	-	-	-	-	-	-	-
Nicole van der Weerden (4)	-	-	-	-	81,966	-	81,966	-	100%
Scott Robertson	-	-	-	-	-	-	-	-	-
Jason (Jake) Nunn (4)	-	-	-	-	27,476	-	27,476	-	100%
Total	42,611	-	-	-	171,957	4,687	219,255	-	78%

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. Represents remuneration from 5 September 2023 to 30 June 2024
3. Options are the only form of variable remuneration for directors. No options were granted during the year to any non-executive directors and no bonuses paid.
4. Resigned as director during the year. Amount expensed is the fair value of options that vested during the year and the fair value of unvested options at date of resignation. Under the terms of the company's Long-Term Incentive Plan unvested options will continue in force and remain exercisable in accordance with the terms of their issue and the holder is entitled to retain any vested options.

DIRECTORS' REPORT

AUDITED REMUNERATION REPORT – (Continued)

Directors' and Executive Officers' Remuneration – (continued)

2023	Short Term				Share based payments	Post employment	Total Remuneration	Value of Bonus as proportion of remuneration (9)	Value of options as proportion of remuneration
	Fixed Remuneration (Salary & Fees)	Termination Benefits	Leave Benefits	Health Cover	Expensing of Options held	Superannuation / 401(k)			
Executive Directors									
Michael Aldridge ⁽¹⁾	57,025	335,461	3,075	13,205	-	2,281	411,047	-	-
Nicole van der Weerden ⁽²⁾	108,702	111,040	16,402	-	47,503	12,925	296,572	-	16%
Non-executive Directors									
Justin Yap	-	-	-	-	7,885	-	7,885	-	100%
Jonathan West	-	-	-	-	13,835	-	13,835	-	100%
Scott Robertson	-	-	-	-	7,885	-	7,885	-	100%
Jason (Jake) Nunn	-	-	-	-	61,788	-	61,788	-	100%
Steven Skala AO ⁽⁸⁾	-	-	-	-	-	-	-	-	-
Executives									
Marilyn Anderson AO ⁽³⁾	10,058	8,621	1,111	-	-	1,056	20,846	-	-
Dr Nancy Sacco ⁽⁴⁾	48,549	-	4,454	-	-	1,942	54,945	-	-
Phillip Rose ⁽⁵⁾	-	36,991	288	-	-	-	37,279	-	-
Helen Molloy ⁽⁶⁾	56,018	54,406	6,148	-	-	5,882	122,454	-	-
Peter Welburn ⁽⁷⁾	-	-	-	-	-	-	-	-	-
Total	280,352	546,519	31,478	13,205	138,896	24,086	1,034,536	-	13%

DIRECTORS' REPORT

AUDITED REMUNERATION REPORT – (Continued)

Directors' and Executive Officers' Remuneration – (continued)

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

1. Represents remuneration from 1 July 2022 to 1 August 2022
2. 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) for 2023 was \$296,572, comprising \$208,557 directly by the Company, and \$88,015 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 termination on 31 December 2022 and remained as a non-executive director until her resignation from the board on 29 November 2023.
3. Professor Marilyn Anderson was employed by the Company until 6 October 2022. 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.
4. Dr Nancy Sacco was appointed Chief Development Officer 2 December 2021 and ceased to be an employee on 14 October 2022.
5. Phillip Rose was appointed Chief Commercial Officer 4 January 2022 and ceased to be an employee on 30 June 2022.
6. 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
7. 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.
8. Steven Skala was an alternate non-executive director for Scott Robertson (resigned 11 May 2023)
9. Options are the only form of variable remuneration for directors. No options were granted during the year to any directors or executives and no bonuses paid

DIRECTORS' REPORT

AUDITED REMUNERATION REPORT – (Continued)

Directors' and Executive Officers' Remuneration – (continued)

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

30 June 2024:

Key Management Personnel	Granted	Exercised	Lapsed	Exercise Price	Grant Date	Vesting period	FV per option at grant date
Geoffrey Kempler	3,350,000	-	-	\$0.0575	5/09/2023	Immediately	\$0.019
Total	3,350,000	-	-				

30 June 2023:

Key Management Personnel	Granted	Exercised	Lapsed	Exercise Price	Grant Date	Vesting period	FV per option at grant date
	-	-	2,750,000	\$0.20	14/10/2020	4 years	\$0.178
Michael Aldridge	-	-	522,000	\$0.21	27/07/2021	4 years	\$0.309
Marilyn Anderson	-	-	125,000	\$0.20	14/10/2020	4 years	\$0.178
	-	-	36,000	\$0.21	27/07/2021	4 years	\$0.309
Peter Welburn	-	-	650,000	\$0.20	14/10/2020	4 years	\$0.178
	-	-	65,000	\$0.21	27/07/2021	4 years	\$0.333
Helen Molloy	-	-	217,500	\$0.20	14/10/2020	4 years	\$0.178
	-	-	30,000	\$0.21	27/07/2021	4 years	\$0.333
	-	-	7,500	\$0.40	1/01/2018	1 year	\$0.038
Nancy Sacco	-	-	600,000	\$0.35	2/12/2021	4 years	\$0.298
Phillip Rose	-	-	100,000	\$0.20	14/10/2020	4 years	\$0.178
	-	-	600,000	\$0.35	2/12/2021	4 years	\$0.298
Total	-	-	5,703,000				

DIRECTORS' REPORT

AUDITED REMUNERATION REPORT – (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:

2024	Held at 1 July 2023	Granted as compensation	Exercised	Expired/ Lapsed	Held at 30 June 2024	Vested during the period	Vested and exercisable at 30 June 2024
Directors							
Geoffrey Kempler	-	3,350,000	-	-	3,350,000	3,350,000	3,350,000
Jonathan West	1,393,000	-	-	-	1,393,000	-	1,393,000
Justin Yap	536,500	-	-	-	536,500	-	536,500
Phillip Hains	-	-	-	-	-	-	-
Michael Aldridge	-	-	-	-	-	-	-
Nicole van der Weerden	1,394,000	-	-	-	1,394,000	348,500	1,232,084
Scott Robertson	536,500	-	-	-	536,500	-	536,500
Jason (Jake) Nunn	536,500	-	-	-	536,500	104,167	510,459
	4,521,500	3,350,000	-	-	7,746,500	3,802,667	7,558,543

DIRECTORS' REPORT

AUDITED REMUNERATION REPORT – (Continued)

Options and rights over equity instruments – (continued)

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)	-	-	-
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

DIRECTORS' REPORT

AUDITED REMUNERATION REPORT – (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:

2024	Held at 1 July 2023	Purchases	Purchased through exercise of options	Sales	Held at 30 June 2024
Directors					
Geoffrey Kempler	-	-	-	-	-
Jonathan West	3,000,000	-	-	-	3,000,000
Justin Yap ⁽¹⁾	-	-	-	-	-
Phillip Hains	-	-	-	-	-
Michael Aldridge	-	-	-	-	-
Nicole van der Weerden	394,700	-	-	-	394,700
Scott Robertson	-	-	-	-	-
Jason (Jake) Nunn	93,750	-	-	-	93,750
	3,488,450	-	-	-	3,488,450

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
Justin Yap ⁽¹⁾	-	-	-	-	-
Michael Aldridge	-	-	-	-	-
Nicole van der Weerden	394,700	-	-	-	394,700
Scott Robertson	-	-	-	-	-
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⁾	-	-	-	-	-
Helen Molloy ⁽⁶⁾	78,500	-	-	-	78,500
	11,765,027	-	-	-	11,765,027

DIRECTORS' REPORT

AUDITED REMUNERATION REPORT – (Continued)

Movement in shares

Notes in relation to movement in shares

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

End of Audited Remuneration Report

NON-AUDIT SERVICES

William Buck was appointed as the Group's auditor for the year ended 30 June 2024, replacing KPMG, the Group's auditor for the year ended 30 June 2023.

During the year William Buck performed other services in addition to the audit and review of the financial statements for the year ended 30 June 2024.

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

	2024	2023
	\$	\$
Other assurance services	14,000	-
Audit and review of the financial statements	30,000	98,867
	44,000	98,867

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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 35 and forms part of the Directors' Report for the year ended 30 June 2024.

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



Geoffrey Kempler
Chairman and Managing Director



Phillip Hains
Non-Executive Director

Dated this 29th day of August 2024

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HEXIMA LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

		Consolidated	
		30 June	30 June
		2024	2023
		\$	\$
Income	Notes		
Rental income		-	307,534
Research and development tax credits		61,674	1,177,225
Finance income	4	40,785	69,271
Gain on disposal of asset		-	2,074
		<u>102,459</u>	<u>1,556,104</u>
Expenses			
Research and development and patent expenses		-	(917,190)
Marketing and business development		-	(52,036)
Employee benefits		(262,595)	(1,663,985)
Depreciation		-	(11,442)
Finance expense	4	(141)	(33,300)
Due diligence expenses		(451,384)	(182,629)
Administration and compliance		(294,771)	(490,489)
Other expenses		(27,441)	(123,919)
		<u>(1,036,332)</u>	<u>(3,474,990)</u>
Loss before income tax expense		(933,873)	(1,918,886)
Income tax benefit	2(d)	-	-
Loss after income tax for the year attributable to the owners of Hexima Limited		(933,873)	(1,918,886)
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive loss for the year attributable to the owners of Hexima Limited		(933,873)	(1,918,886)
Earnings per share:			
Basic and diluted loss per share (cents)	9	(0.56)	(1.15)

The accompanying notes form part of these financial statements

HEXIMA LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	Consolidated	
		2024	2023
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		2,226,214	2,189,388
Research and development tax credits available		-	633,497
Other receivables	6	42,790	133,813
TOTAL CURRENT ASSETS		2,269,004	2,956,698
TOTAL ASSETS		2,269,004	2,956,698
CURRENT LIABILITIES			
Trade and other payables	7	148,670	174,448
Other current liabilities	8	100,000	-
TOTAL CURRENT LIABILITIES		248,670	174,448
TOTAL LIABILITIES		248,670	174,448
NET ASSETS		2,020,334	2,782,250
EQUITY			
Share capital	9	82,880,964	82,880,964
Reserves	9	1,088,027	2,981,757
Accumulated losses		(81,948,657)	(83,080,471)
TOTAL EQUITY		2,020,334	2,782,250

The accompanying notes form part of these financial statements

HEXIMA LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	Note	Share Capital \$	Equity Option reserve \$	Equity Compensation reserve \$	Accumulated Losses \$	Total equity \$
2024						
Opening balance at 1 July 2023		82,880,964	450,216	2,531,541	(83,080,471)	2,782,250
Total comprehensive loss for the period						
Net loss for the year		-	-	-	(933,873)	(933,873)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year		-	-	-	(933,873)	(933,873)
Transactions with owners recorded directly in equity						
Options expired/lapsed		-	(450,216)	(1,615,471)	2,065,687	-
Vesting charge for equity settled share -based payments	5	-	-	171,957	-	171,957
Total transactions with owners		-	(450,216)	(1,443,514)	2,065,687	171,957
Closing balance at 30 June 2024		82,880,964	-	1,088,027	(81,948,657)	2,020,334

	Note	Share Capital \$	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						
Capital Raising Costs		(3,658)	-	-	-	(3,658)
Vesting charge for equity settled share -based payments	5	-	-	138,896	-	138,896
Total transactions with 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

The accompanying notes form part of these financial statements

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HEXIMA LIMITED

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

		Consolidated	
	Note	30 June 2024 \$	30 June 2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from government research and development tax incentive		695,171	6,011,091
Cash receipts from leased property		-	338,288
Cash paid to suppliers and employees		(900,815)	(8,151,629)
Income tax refund received		3,686	-
Net cash used in operating activities		(201,958)	(1,802,250)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		40,057	38,965
Proceeds from sale of glasshouse assets	6	98,000	-
Net cash from investing activities		138,057	38,965
CASH FLOWS FROM FINANCING ACTIVITIES			
Share application monies received	8	100,000	-
Cash paid to raise capital		-	(3,658)
Net cash from/(used in) financing activities		100,000	(3,658)
Net increase/(decrease)in cash and cash equivalents		36,099	(1,766,943)
Effect on movements in exchange rates on foreign currency denominated cash at bank		727	(932)
Cash and cash equivalents at 1 July		2,189,388	3,957,263
Cash and cash equivalents at 30 June		2,226,214	2,189,388

The accompanying notes form part of these financial statements

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HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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 c/- Acclime, Level 3, 62 Lygon Street, Carlton, Victoria, 3053. The consolidated financial statements of the Company as at and for the year ended 30 June 2024 comprises the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The Group was previously engaged in the research and development of plant-derived proteins for applications as human therapeutics but wound down these activities during the year ended 30 June 2023 and has since focussed on the exploration of transactions with third parties which could enable the potential value of the Company’s assets, including its intellectual property, to be realised.

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 the date of signing the attached directors’ declaration.

(a) 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 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

(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.

Share-based payment transactions

The fair value of employee share options at grant date is measured using the Black-Scholes Model. 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. The vesting charge for share based payments is recognised directly in equity in either the equity option reserve or the equity compensation reserve.

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

2. BASIS OF PREPARATION *(continued)*

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

Non-recognition of deferred tax assets

Deferred tax assets have not been recognised in respect of deductible temporary differences and tax losses because it is not probable that future taxable profit will be available against which the group could utilise the benefits subject to passing the continuity of ownership and/or same business test. As at 30 June 2024 there were tax losses of \$43,397,577 and temporary differences of \$978,472 for which deferred tax assets have not been recognised.

Lodgement of research and development claims

In prior years, the entity has registered its research and development activities with AusIndustry and has accessed the refundable research and development tax offset for each claim year, which it has claimed through its submissions to the Australian Tax Office (ATO). Under this self-assessment program, AusIndustry and the ATO have the right to audit these claims at any point up to 4 years from the date of lodgement of the Research and Development Tax Incentive Schedule (via the income tax return) for each relevant financial year. If the research and development activities or expenditure are found to be ineligible during this review, the ATO may potentially clawback these claims with penalties and interest. It is the directors' view that there is no probable likelihood that any potential action may take place based upon the following reasons:

- the industry environment in which the entity deals in is known for its research and development activities which have historically been supported through research and development claims; and
- the entity has a positive track record of not being selected for a compliance review by the ATO or AusIndustry.
- the entity keeps appropriate substantiating documentation on file to ensure that its Tax Incentive claims can be supported with contemporaneous evidence in the event of an AusIndustry or ATO review.

(e) Material accounting policies

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 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

3. SEGMENT REPORTING

After winding down its biotechnology research and development activities in the year ended 30 June 2023 the group's activities in the current year have been classified under a "Corporate" segment as they have not been directly attributable to specific operating segments. All activities have taken place in Australia.

4. FINANCE INCOME AND EXPENSE

	Consolidated	
	2024	2023
	\$	\$
Interest income on at call deposits and cash at bank	40,057	38,965
Foreign exchange gain	728	30,306
Finance income	40,785	69,271
Interest expense on discounted long-term debt	-	(33,300)
Foreign exchange loss	(141)	-
Finance expense	(141)	(33,300)

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

5. SHARE-BASED PAYMENTS

At 30 June 2024, 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 2024 are as follows:

Grant date / parties entitled	Number of instruments	Vesting conditions	Contractual life of options
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 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
Options granted 5 September 2023 to executive director	3,350,000	Vesting immediately	5 years
Total share options	8,154,000		

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
	2024	2024	2023	2023
Outstanding at 1 July	\$0.35	8,054,000	\$0.31	15,439,500
Exercised during the period	-	-	-	-
Expired/lapsed during the period	\$0.48	(3,250,000)	\$0.26	(7,385,000)
Granted during the period	\$0.06	3,350,000	-	-
Outstanding at 30 June	\$0.38	8,154,000	\$0.35	8,054,000

The options outstanding at 30 June 2024 have various exercise prices (\$0.06, \$0.20, \$0.205, \$0.275 and \$1.00) and a weighted average remaining contractual life of 5.4 years.

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

5. 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 Pricing Model. The 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 key management personnel in the year ended 30 June 2024 were:

Number of options	Grant date	Spot price	Exercise price	Volatility	Time to expiration	Risk free rate
3,350,000	28 November 2023 ⁽¹⁾	\$0.02	\$0.0575	134%	5 years	3.89%

(1) date of AGM at which grant of options was approved

Employee expenses

	Consolidated	
	2024	2023
Current	\$	\$
Share options expense	171,957	138,896
Total expense recognised as employee costs	171,957	138,896

6. OTHER RECEIVABLES

	Consolidated	
	2024	2023
Current	\$	\$
Trade receivable	-	98,000
GST Receivables	28,250	-
Prepayments and other receivables	14,540	35,813
	42,790	133,813

Trade receivable at 30 June 2023 represents the GST due on the sale of glasshouse assets to La Trobe University ("La Trobe") for a net price of \$980,000. The net price was settled by offset against debts due by the Company to La Trobe and the GST component was paid in cash by La Trobe in July 2023.

7. TRADE AND OTHER PAYABLES

	Consolidated	
	2024	2023
Current	\$	\$
Trade payables	108,317	25,271
Payable to director related entities	11,661	-
Other payables & accrued expenses	28,692	149,177
	148,670	174,448

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HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

8. OTHER CURRENT LIABILITIES

	Consolidated	
	2024	2023
	\$	\$
Share application monies*	100,000	-

* Received from a director related party in anticipation of an issue of shares, pending approval at the Company's next AGM

9. SHARE CAPITAL

Consolidated and the Parent Entity

Ordinary Shares	Number of Shares		Amount \$	
	2024	2023	2024	2023
On Issue at 1 July	167,039,629	167,039,629	82,880,964	82,880,964
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 and the proceeds on a winding up and are entitled to one vote per share at general meetings of the Company.

Earnings per Share

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

	2024	2023
Net loss	\$(933,873)	\$(1,918,886)
Weighted average number of ordinary shares	167,039,629	167,039,629
Basic and Diluted EPS (cents per share)	(0.56)c	(1.15)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.

Capital management

The board's policy is to maintain a strong capital base to provide investor, creditor and market confidence. Consequent to the wind down of the Group's research and development activities the Board's main focus has been to explore opportunities for transactions with third parties which could enhance or enable the potential value of the Group's assets, including its intellectual property, to be realised.

The Group is not subject to externally imposed capital requirements.

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HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

10. NOTES TO THE STATEMENT OF CASHFLOW

Reconciliation of cashflows from operating activities

	Consolidated	
	2024	2023
Cash flows from operating activities	\$	\$
Loss for the year	(933,873)	(1,918,886)
<i>Adjustments for:</i>		
Interest received – classified as investing activity	(40,057)	(38,965)
Unrealised fx (gain)/loss	(728)	970
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
Equity settled share-based payment expense	171,957	138,896
Operating loss before changes to working capital	(802,701)	(828,617)
Decrease in trade and other receivables and prepayments	626,521	5,039,650
(Decrease) in payables and employee benefits	(25,778)	(6,013,283)
Net cash used in operating activities	(201,958)	(1,802,250)

11. AUDITOR'S REMUNERATION

	Consolidated	
	2024	2023
a. Audit Services		
Auditors of the Company	\$	\$
- Audit of the annual financial report	17,250	62,083
- Review of half year financial statements	12,750	36,784
	30,000	98,867
b. Non-Audit Services		
Other Assurance Services	14,000	-
	14,000	-

The auditor for the current year was Willam Buck Audit (Vic) Pty Ltd (2023: KPMG Australia)

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HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

12. FINANCIAL INSTRUMENTS AND RISKS

The Group's financial instruments consist of cash, payables and non-interest bearing short-term borrowings, and that they only have one significant financial risk, being liquidity risk. This risk is managed and monitored by the Company's directors, periodically at board meetings.

Liquidity risk relates to the risk that the Group does not have available working capital to pay debts as and when they fall due. The directors manage this risk through cash flow forecasting techniques. As at 30 June 2024, all debts of the Group were repayable within 60 day terms (June 2023: 60 day terms).

13. CONTINGENCIES

The directors consider that, with the exception of matters otherwise disclosed in these financial statements, the Group had no material contingent liabilities as at 30 June 2024 (30 June 2023: nil).

14. 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:

Chairman and Managing Director

Mr Geoffrey Kempler (appointed 5 September 2023)

Non-Executive Chairman

Professor Jonathan West (deceased 29 July 2023)

Non-Executive Directors

Mr Justin Yap

Mr Phillip Hains (appointed 18 September 2023)

Mr Michael Aldridge (resigned 5 September 2023)

Dr Nicole van der Weerden (resigned 29 November 2023)

Mr Scott Robertson (resigned 5 September 2023)

Mr Jason (Jake) Nunn (resigned 5 September 2023)

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

	Consolidated	
	2024	2023
	\$	\$
Short term employee benefits	42,611	325,035
Post employment benefits	4,687	24,086
Termination benefits	-	546,519
Share based payments	171,957	138,896
	219,255	1,034,536

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HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

14. RELATED PARTIES *(Continued)*

Non-remuneration related party transactions

The Company also entered into a Consultancy Services Agreement with Kemdev Pty Ltd, a related party of Geoffrey Kempler, on 5 September 2023 for the provision of consultancy services over 12 months for a fee of \$100,000, of which \$50,000 was paid on commencement of the agreement and \$50,000 is payable upon completion by the Company of a merger or acquisition transaction.

During the year, payments for due diligence services from The CFO Solution HQ Pty Ltd (a related entity of Phillip Hains) of \$80,300 (including GST) were made and there was a current trade balance payable as at 30 June 2024 of \$11,661 (including GST).

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

During the year Phillip Hains also paid \$100,000 to the Company as application monies in anticipation of an issue of shares, pending approval at the Company's next AGM.

15. GROUP ENTITIES

	Country of incorporation	Ownership Interest	
		2024	2023
Parent Entity			
Hexima Limited	Australia	N/A	N/A
Significant subsidiaries			
Hexima Holdings Limited	Australia	100%	100%
Pharmagra Pty Ltd	Australia	100%	100%
Hexima Operations USA, Inc	USA	100%	100%

16. PARENT ENTITY DISCLOSURES

	Company	
	2024	2023
Result of the Parent Entity	\$	\$
Loss for the period	(936,823)	(1,818,021)
Other Comprehensive income	-	-
Total Comprehensive loss for the period	(936,823)	(1,181,021)
Financial Position of the Parent entity at year end		
Current assets	2,268,063	2,958,706
Total assets	2,268,063	2,958,706
Current liabilities	248,670	174,448
Total liabilities	248,670	174,448
Net assets	2,019,393	2,784,258
Total equity of the Parent entity comprising of:		
Share capital	82,880,964	82,880,964
Reserves	1,088,027	2,981,757
Accumulated losses	(81,949,599)	(83,078,463)
Total Equity	2,019,393	2,784,258

HEXIMA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

17. SUBSEQUENT EVENTS

On 24 July 2024 the Company announced a proposal to acquire Real Thing Entertainment Pty Ltd (RealThing), an AI platform developer, through a conditional share sale agreement under which Hexima will acquire 100% of RealThing by issuing 78,974,300 HXL shares and 8,721,504 options (post a 1-for-10 consolidation). Convertible notes worth \$500,000 will be redeemed with 2.5 million HXL shares issued to two RealThing shareholders.

Hexima's acquisition of RealThing will represent a strategic shift towards AI-driven solutions. RealThing has developed an artificial intelligence platform called AiSAP (Autonomous Intelligent Software Agent Platform). AiSAP provides a new paradigm in user device interaction. Instead of asking questions, the user asks for an outcome communicating in natural language. AiSAP agents deliver that outcome in a changing and dynamic environment. The first set of products, which are currently sold in the UK and USA markets, are assistive applications for the visually impaired.

Hexima plans to raise \$4 million to \$7.5 million (before costs) via a public offer to fund research and development, sales, marketing, engineering, corporate, and administration expenses.

Hexima also proposes appointing Mr. Silvio Salom (a director of RealThing) and Dr. Michael Georgeff (a pioneer in intelligent agents) as directors and appointing other new senior management upon completion of the transaction and proposes that Mr Geoffrey Kempler will continue as Managing Director, and Mr Phillip Hains will continue as a non-executive director and that Hexima will change its name to RealThing AI Limited post-acquisition.

Upon completion of the transaction Hexima will become the holding company of RealThing and its corporate group, with RealThing's business becoming the Company's main undertaking.

The transaction requires shareholder approval and compliance with ASX Listing Rules and is subject to ASX's discretion regarding Hexima's re-admission and quotation.

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CONSOLIDATED ENTITY DISCLOSURE STATEMENT AS AT 30 JUNE 2024

Entity name	Entity type	Bodies corporate		Tax residency	
		Country of incorporation	% of share capital held	Australian or foreign	Foreign jurisdiction
Hexima Limited	Body Corporate	Australia	N/A	Australian	N/A
Hexima Holdings Limited	Body Corporate	Australia	100%	Australian	N/A
Pharmagra Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Hexima Operations USA, Inc	Body Corporate	USA	100%	Foreign	USA

Basis of preparation

This Consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

Australian tax residency

The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001).

Partnerships and Trusts

None of the entities noted above were trustees of trusts within the Group, partners in a partnership within the Group or participants in a joint venture within the Group

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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 20 to 32, 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 2024 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 2024.
- 4) The information disclosed in the attached consolidated entity disclosure statement is true and correct

Signed in accordance with a resolution of the Directors:

Dated at Melbourne this 29th day of August 2024



Geoffrey Kempler
Chairman and Managing Director



Phillip Hains
Non-Executive Director

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

To the directors of Hexima Limited

As lead auditor for the audit of Hexima Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Hexima Limited and the entities it controlled during the year.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136



N. S. Benbow

Director

Melbourne, 29 August 2024

Independent auditor's report to the members of Hexima Limited

Report on the audit of the financial report

Our opinion on the financial report

In our opinion, the accompanying financial report of Hexima Limited (the Company) and its controlled entities (the Group) 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 2024 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Group, which comprises:

- the consolidated statement of financial position as at 30 June 2024,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended,
- notes to the financial statements, including material accounting policy information,
- the consolidated entity disclosure statement, and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. For these financial statements, we did not identify any key audit matter to report in this Audit Report.

Other matter

The financial report of the Group, for the comparative year ended 30 June 2023, was audited by another auditor who expressed an unmodified opinion on that report on 31 August 2023.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

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Report on the Remuneration Report



Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of Hexima Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

What was audited?

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

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

William Buck

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136

N. S. Benbow

Director

Melbourne, 29 August 2024

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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 31 July 2024

Substantial shareholders

The names of the Substantial Shareholders listed as disclosed by notices submitted to the ASX as at 31 July 2024 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	139	154,105,542	92.26
10,001 – 100,000	283	11,256,892	6.74
5,001 – 10,000	117	939,178	0.56
1,001 – 5,000	226	693,436	0.42
1 to 1,000	91	44,581	0.02
Total	856	167,039,629	100.00

ASX ADDITIONAL INFORMATION (CONTINUED)

Distribution of option holders

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	8,121,500	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	11	8,154,000	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	18,660,037	11.17
2	Dato Lim Sen Yap	17,684,540	10.59
3	Woobinda Nominees Pty Ltd	14,394,427	8.62
4	Balmain Resources Pty Ltd	8,469,150	5.07
5	Lehav Pty Ltd	5,931,189	3.55
6	Mr Surinder Singh and Mrs Satwinder Kaur	5,767,825	3.45
7	Mr Surinder Singh and Mrs Satwinder Kaur	5,160,000	3.09
8	HSBC Custody Nominees (Australia) Ltd	4,787,698	2.87
9	Susan West	3,750,000	2.24
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	Adrienne Clarke	2,014,535	1.21
17	Cranley Nominees Pty Ltd	2,007,674	1.20
18	Pioneer Hi-Bred International Inc	2,000,000	1.20
19	Andama Holdings Pty Ltd	1,844,807	1.10
20	BNP Paribas Nominees Pty Ltd	1,805,062	1.08
	Top 20 Quoted Shareholders	109,604,506	65.62
	Balance of Register	57,435,123	34.38
	Total Quoted Equity Securities	167,039,629	100.0

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ASX ADDITIONAL INFORMATION (CONTINUED)

Unquoted equity securities

The Company had 8,154,000 unquoted options issued under employee incentive schemes, on issue as at 31 July 2024

Restricted securities

There are no restricted securities on issue at 31 July 2024

Less than marketable parcels of ordinary shares

There are 555 shareholders with unmarketable parcels totaling 3,796,471 shares.

On-market Buy-backs

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



HEXIMA LIMITED

2024 CORPORATE GOVERNANCE STATEMENT

The Hexima Limited (Hexima or Company) Board of Directors (Board) is pleased to present Hexima's Corporate Governance Statement for 2024 (Statement). This Statement outlines our principal corporate governance practices in place during the financial year ended 30 June 2024 against the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Governance Principles). Our governance policies and practices are reflected in this Statement as well as our Appendix 4G.

This Statement was approved by the Company's board on 26 August 2024 and is current as at that date.

As announced to the ASX on 24 July 2024, the Company has proposed the acquisition of Real Thing Entertainment Pty Ltd. As a result of this, the usual governance processes of the Company are not in place, with established committees and the investor relations section of the website dormant at the date of this Statement.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 – Roles and Responsibilities of the Board – not adopted

A listed entity should disclose a board charter setting out:

- (a) the respective roles and responsibilities of its board and management; and*
- (b) those matters expressly reserved to the board and those delegated to management.*

The Board operates under a formal Charter that sets out the functions reserved to the Board and provides for the delegation of functions to Board Committees and to senior management. The Board is accountable to our stakeholders for the management of the Company's business and affairs and as such, as outlined in the Board Charter, is responsible for demonstrating leadership, defining the Company's purpose, establishing strategic objectives, approving the Company's values and the Code of Conduct and oversight of the management of the Company.

Usually, the Chief Executive Officer (CEO) oversees the day-to-day management of the business, with delegated authority to manage the Company in accordance with the strategy, plans and policies approved by the board. As the operations of the Company have ceased and an acquisition proposal is in progress, the Executive Chair and Managing Director, Mr Geoffrey Kempler, is carrying out the responsibilities which would ordinarily be assumed by the CEO.

Responsibilities specifically delegated to a CEO and those reserved for the Board are outlined in the Board Charter, which was previously reviewed on an annual basis to ensure that the division of functions between the Board and management continued to be appropriate for the needs of the Company.

The Board has delegated specific authority to two Board committees, which ordinarily assists the Board by examining various issues and making recommendations. A description of each committee and its responsibilities are set out under Principle 2 of this Statement.

Recommendation 1.2 – Appointment and Re-election of Directors - adopted

A listed entity should:

- (a) undertake appropriate checks before appointing a director or senior executive, or putting someone forward for election, as a director; and*
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

When appointing directors to the board, appropriate checks are undertaken before their appointment.

The Board considers and formally resolves to support the election or re-election of directors to shareholders at general meetings/annual general meeting.

Shareholders are provided, in the relevant notice of meeting, with information in our possession relevant to assist them to make an informed decision on all directors standing for election or re-election. This information includes biographical details, covering relevant qualifications, experience, and skills directors bring to the Board, details of any other material directorships currently held by the candidate, the term of office currently served by the directors, a statement on the independence of the candidate and the reasons why, and a statement by the Board as to whether it supports the election or re-election of the candidate and a summary of the reasons why.

Directors are elected or re-elected in accordance with the Company Constitution and the ASX Listing Rules. At our 2023 Annual General Meeting, Mr Geoffrey Kempler and Mr Phillip Hains were elected by shareholders.

Recommendation 1.3 – Agreements with directors and senior managers – adopted

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Non-executive directors are appointed pursuant to formal letters of appointment which, among other things, set out the key terms and conditions of the appointment, the Board's expectations in relation to the performance of the director, procedures for dealing with a director's potential conflict of interest and the disclosure obligations of the director, together with the details of the director's remuneration.

There are no senior executives currently employed by the Company, except for Mr Kempler, Executive Chair and Managing Director, who is formally engaged under an Appointment Letter.

Recommendation 1.4 – Accountability of the company secretary - adopted

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Board Charter expressly provides that the company secretary is directly accountable to the Board through the Chair on all matters to do with the proper function of the Board. All directors have access to the company secretary, who is appointed by, and accountable to, the Board on all governance matters.

Recommendation 1.5 – Diversity Policy – not adopted

A listed entity should:

- (a) have and disclose a diversity policy;*
- (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and*
- (c) disclose in relation to each reporting period:*
 - i. the measurable objectives set for that period to achieve gender diversity;*
 - ii. the entity’s progress towards achieving those objectives; and*
 - iii. either:*
 - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined “senior executive” for these purposes); or*
 - (B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “gender Equality Indicators”, as defined in and published under that Act.*

If the entity is in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.

The Company has adopted a Diversity Policy.

The Diversity Policy provides a framework for the Company to establish measurable objectives for achieving gender diversity, however, to date, the board has determined that it is not necessary to establish these objectives.

Our board will consider establishing measurable objectives for achieving gender diversity at the appropriate time. If these objectives are established, they will be disclosed as required under this Recommendation.

As at 30 June 2024, the respective proportion of women in the organisation are as follows:

	Female representation	
	2024	2023
Board Directors	0%	16.7%
Executives	100%	Not applicable

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Recommendation 1.6 – Evaluation of the performance of the board, its committees and individual directors – not adopted

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

Our Remuneration and Nomination Committee is ordinarily responsible for the development and implementation of a process for evaluating the performance of the board, committees and directors. This process has not yet been defined and may be considered at an appropriate time.

Given the Company has now ceased operations, a performance evaluation has not been deemed necessary.

Recommendation 1.7 – Evaluation of the performance of senior executives – not applicable therefore not adopted

A listed entity should:

- (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The Company currently has no senior executives employed and therefore, recommendation 1.7 is not applicable.

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Principle 2: Structure the board to add value

As at the date of this report there were three directors on our Board. Table 1 below sets out each director, the commencement of their tenure, and their status as an independent or non-independent director.

Table 1

Director*	Tenure commencement	Independent / Non-independent
Mr Geoffrey Kempler	05 September 2023	Non-independent, executive director
Mr Phillip Hains	18 September 2023	Independent, non-executive director
Mr Justin Yap	17 July 2018	Non-independent, non-executive director

Directors' qualifications and experience are contained in the Directors' Report in our Annual Report, including details of their other listed entity directorships. This information can also be found on the Company's website.

The ultimate responsibility for the oversight of the operations of the Company rests with the board. However, the board may discharge any of its responsibilities through committees of the board.

The board has established the following standing committees:

- Audit and Risk Management Committee; and
- Remuneration and Nomination Committee.

Each of these committees operate in accordance with specific charters approved by the board.

As the Company has ceased operations, the Committees have not been functioning as they ordinarily would and are currently dormant.

The number of scheduled board and committee meetings held during the year ending 30 June 2024 and the number of meetings attended by each of the directors is set out in our 2024 Annual Report.

Recommendation 2.1 – Nomination Committee – not adopted

The board of a listed entity should:

- have a nomination committee which:
 - has at least three members, a majority of whom are independent directors; and*
 - is chaired by an independent director,**
- and disclose:*
- the charter of the committee;*
 - the members of the committee; and*
 - as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

The board has established a Remuneration and Nomination Committee which operates under a charter approved by the board.

As noted earlier in this Statement, this committee is currently dormant.

Recommendation 2.2 – Board skills matrix – not adopted

A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.

The board has determined that the establishment of a Board Skills Matrix at this time is not appropriate, given the current position of the Company.

Directors' qualifications and experience are contained in the Directors' Report in our Annual Report. In addition to the skills and experience of directors, the board considers that each director has the following attributes:

- Honesty and integrity;
- The ability to think strategically;
- The time available to devote to Hexima's business;
- A willingness to question and challenge; and
- A commitment to the highest standards of governance.

All directors are expected to use their range of relevant skills, knowledge and experience and to apply their judgement to all matters discussed at Board meetings.

Recommendations 2.3 and 2.4 – Director independence – 2.3 is adopted; 2.4 is not adopted

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;*
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and*
- (c) the length of service of each director.*

A majority of the board of a listed entity should be independent directors.

As indicated in Table 1 above, Mr Phillip Hains has been determined as being independent as at the date of this Statement. Our Board has made this assessment on the basis that he has not been employed in an executive capacity by the Company within the last three years, has not had a material business relationship with the Company within the last three years, is not a substantial holder of Hexima shares and does not fall within any other criteria listed in Box 2.3 of the ASX Governance Principles.

Mr Geoffrey Kempler is considered non-independent due to his executive role within the business. Mr Justin Yap is also considered non-independent as he is a related party of a substantial shareholder in the Company.

Based on this assessment, the Board does not currently have a majority of independent directors.

The term of office held by each director in office at the date of this statement is outlined earlier in this Statement.

Recommendation 2.5 – not adopted

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

As noted earlier in this Statement, Mr Geoffrey Kempler is the Executive Chair and Managing Director of the Company. The Company has no current requirement for a full time CEO, and therefore Mr Kempler is fulfilling this role.

The Chair's role is outlined in the Board Charter.

Recommendation 2.6 – not adopted

A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

A director induction and orientation program was previously in place. This has been suspended and will be reinstated at the appropriate time.

Principle 3: Act ethically and responsibly

Recommendation 3.1 – not adopted

A listed entity should articulate and disclose its values.

Given that the operations of the Company have ceased and an acquisition proposal is in progress, the Company has not established values

Recommendation 3.2 – partially adopted

A listed entity should:

- (a) have and disclose a code of conduct for its directors, senior executives and employees; and*
- (b) ensure that the board or a committee of the board is informed of any material breaches of that code.*

The Company has adopted a Code of Conduct (the Code) that provides a set of guiding principles which are to be observed by all employees of the Company. The Code applies to anyone who is an employee or works for the Company or its subsidiaries.

Any material breaches of the Code are reported through to the Board.

Recommendation 3.3 – partially adopted

A listed entity should:

- (a) have and disclose a whistleblower policy; and*
- (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy*

The Company has adopted a Whistleblower Policy. Any material breaches of the Whistleblower Policy are reported through to the Board.

Recommendation 3.4 – partially adopted

A listed entity should:

- (a) have and disclose an anti-bribery and corruption policy; and*
- (b) ensure that the board or a committee of the board is informed of any material breaches of that policy.*

The Company has adopted an Anti-Bribery Policy. Any material breaches of the Anti-Bribery Policy are reported through to the Board.

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Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1 – not adopted

The board of a listed entity should:

- (a) have an audit committee which:*
 - a. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and*
 - b. is chaired by an independent director, who is not the chair of the board,*
- and disclose:*
- c. the charter of the committee;*
 - d. the relevant qualifications and experience of the members of the committee; and*
 - e. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

An Audit and Risk Management Committee has been established by the board to protect the integrity of financial reports as well as to monitor and review the effectiveness of the Company's structures in the areas of operational risk and legal and regulatory compliance.

The Audit and Risk Management Committee operates in accordance with a charter adopted by the board. The charter sets out the roles and responsibilities as well as the structure and composition of the committee. The responsibilities of the Audit and Risk Management Committee are outlined in its charter.

As noted earlier in this Statement, this committee is currently dormant.

Recommendation 4.2 - adopted

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company has a requirement that the CEO or equivalent and CFO or equivalent provide written assurance to the board, prior to approval of the Company's financial statements for each financial period, that in their opinion, the Company's financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the Company's financial position and performance, and that this opinion has been formed on the basis of a sound system of risk management and internal control which operates effectively.

Recommendation 4.3 – adopted

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

The Company has a process in place to verify the integrity of any other financial or non-financial corporate reports not reviewed by the external auditor. Any periodic corporate report, including the Appendix 4C and Quarterly Activity Reports receives the approval of the Board prior to release to the market. This approval is based on a review of all relevant information provided. The specific process for each periodic corporate report will vary depending on the release but generally involves management analysis, discussion and recommendation, backed up by supporting documentation.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 - adopted

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under Listing Rule 3.1.

The Company has adopted a Continuous Disclosure Policy.

The objectives of this policy are to:

- outline the company's obligations in relation to continuous disclosure;
- ensure that the Company is able to meet its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act; and
- establish internal procedures so that all employees understand their obligations to ensure:
 - o confidential information is protected; and
 - o disclose Price Sensitive Information to the CEO or Board.

The overarching principle of this policy is governed by Listing Rule 3.1, which requires the Company to immediately notify the ASX of any information that a reasonable person would expect to have a material effect on the price or value of Hexima's quoted securities, provided that the information does not fall within the exception to disclosure under the Listing Rules. The Policy provides for the exceptions to Listing Rule 3.1 as outlined in Listing Rule 3.1A.

Recommendation 5.2 - adopted

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made

The Company has a process of ensuring that all material ASX announcements are distributed to directors immediately upon their release to the market.

Recommendation 5.3 - adopted

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

Any new and substantive investor presentation or analyst presentation is released to the ASX prior to the presentations being given.

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Principle 6: Respect the rights of security holders

Recommendation 6.1 – not adopted

A listed entity should provide information about itself and its governance to investors via its website.

As noted in the introduction of this Statement, the investor relations section of the Company's website is currently dormant while the proposed acquisition is in progress.

Recommendation 6.2 – not adopted

A listed entity should have an investor relations program to facilitate effective two-way communication with investors.

The Company is committed to maintaining direct, open and timely communications with all shareholders. Our board's policy is that shareholders are informed of all material developments that impact on the Company.

Information is communicated to shareholders through:

- ▮ regular releases of financial information, including quarterly, half-year and full-year financial results, and trading updates as required;
- ▮ Disclosures to the ASX;
- ▮ responding to shareholder queries; and
- ▮ The Annual General Meeting.

Recommendation 6.3 – adopted

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

The Company's annual general meeting is convened once a year, usually October or November. In relation to its meetings of shareholders, an explanatory memorandum on the resolutions is included with the notice of meeting.

Shareholders are encouraged to participate in general meetings and we aim to choose a date, time and venue convenient to shareholders.

If shareholders are unable to attend a general meeting, they are encouraged to vote on the proposed resolutions by appointing a proxy. The proxy form included with a notice of meeting explains how to appoint a proxy. Online proxy voting is also available to shareholders.

Unless specifically stated in a notice of meeting, all shareholders are eligible to vote on all resolutions.

Transcripts of the Chair's address and any investor presentation is released to the ASX upon the commencement of the annual general meeting and the outcome of voting on resolutions at the meeting is released to the market after the conclusion of the meeting. Both documents are also be posted on the Company website.

Recommendation 6.4 - adopted

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

The Company's practice is that voting on each proposed resolution is conducted by poll.

Recommendation 6.5 - adopted

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

All shareholders have the option to receive communications electronically from and send communications to the Company's registry service provider Link Market Services.

Principle 7: Recognise and manage risk

Recommendation 7.1 – not adopted

The board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
 - a. has at least three members, a majority of whom are independent directors; and*
 - b. is chaired by an independent director, and disclose:*
 - c. the charter of the committee;*
 - d. the members of the committee; and*
 - e. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The board is responsible for ensuring that sound risk management strategy and policies are in place. The board has delegated to the Audit and Risk Management Committee the responsibility for identifying and overseeing major risks and the establishment and implementation of the risk management system.

As noted earlier in this Statement, this committee is currently dormant.

Recommendation 7.2 – not adopted

The board or a committee of the board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and*
- (b) disclose, in relation to each reporting period, whether such a review has taken place.*

It is the responsibility of the Audit and Risk Management Committee to review and assess the Company's risk management framework annually and review the implementation, management and maintenance of appropriate enterprise-wide risk management systems, policies and procedures, reporting protocols and internal controls.

This process was not carried out during FY24 given that the operations of the Company have ceased.

Recommendation 7.3 – adopted

A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or*
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

Due to the operations of the business having ceased, an internal audit function has not been established.

Currently, the Board is the body that evaluates risk management and internal control processes.

Recommendation 7.4 - adopted

A listed entity should disclose whether it has any material exposure to environmental and social risks and, if it does, how it manages or intends to manage those risks.

The Board does not believe that the Company has any material exposure to environmental and social risks. Specific risk disclosures are included in the Annual Report.

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Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 – not adopted

The board of a listed entity should:

- (a) have a remuneration committee which:*
 - (1) has at least three members, a majority of whom are independent directors; and*
 - (2) is chaired by an independent director, and disclose:*
 - (3) the charter of the committee;*
 - (4) the members of the committee; and*
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Board has established a Remuneration and Nomination Committee which operates pursuant to a charter which can be found on the Company's website.

As noted earlier in this Statement, this committee is currently dormant.

Recommendation 8.2 - adopted

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company's remuneration policies and practices are disclosed in the Remuneration Report in the Annual Report.

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Recommendation 8.3 - adopted

A listed entity which has an equity-based remuneration scheme should:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- (b) disclose that policy or a summary of it.*

The Company has adopted a Security Trading Policy that is intended to explain the types of conduct in relation to dealing in securities that are prohibited and establish a best practice procedure for the buying and selling of securities that protects the Company's directors, officers, employees and management against the misuse of unpublished information that could materially affect the value of securities.

The Share Trading Policy sets out restrictions that apply to dealing with securities and defines "prohibited periods" during which Key Management Personnel, are unable to deal in Hexima's securities.

In all instances, buying or selling of shares is not permitted at any time by any person who possesses price – sensitive information. The Security Trading Policy is available on the Company website.

The Security Trading Policy provides that Key Management Personnel must not enter into any transactions that operate to limit the economic risk associated with holding securities in the Company.

Approved by the Board on 26 August 2024

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