

# HEXIMA LIMITED

## ASX ANNOUNCEMENT



31 October 2022

### QUARTERLY ACTIVITIES REPORT

#### *Third Calendar Quarter 2022*

MELBOURNE, AUSTRALIA (31 October 2022): Hexima Limited (ASX:HXL) a clinical stage biotechnology company today releases its Appendix 4C and Use of Funds Statement and sets out below its quarterly activities report for the quarter ended 30 September 2022.

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

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

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

Following the steps that have been taken to date, Hexima expects to have cash and receivables of between \$2.4 and \$3.1M, and no other material tangible assets or liabilities, once current operations are finalised in Q4 2022. This includes Hexima's FY2023 R&D Tax Incentive rebate receivable of approximately \$0.65M.

Hexima's ongoing strategy is to actively explore opportunities for transactions with third parties which could enable the potential value of the Company's assets, including its intellectual property and other intangible assets, to be realised. As part of this process, Hexima continues to explore options for the pezadeftide technology. As opportunities are identified, Hexima is entering into preliminary discussions with relevant parties. However, given the early stage of development of these opportunities, there can be no certainty that a transaction will proceed or an agreement will be reached on terms acceptable to Hexima and its shareholders.

**This announcement is authorised for release to ASX by Nicole van der Weerden, Acting CEO and Executive Director**

#### ***Enquiries:***

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HEXIMA LIMITED

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## ABOUT HEXIMA

Hexima (ASX:HXL) is a clinical stage, anti-infectives focused biotechnology company engaged in the research and development of defensin peptides for applications as human therapeutics. For additional information please visit [www.hexima.com.au](http://www.hexima.com.au). You can also find us on [Twitter](#) and [LinkedIn](#) or email us at [info@hexima.com.au](mailto:info@hexima.com.au).

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Hexima Limited

**ABN**

64 079 319 314

**Quarter ended ("current quarter")**

30 September 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	113	113
1.2 Payments for		
(a) research and development	(1,385)	(1,385)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(887)	(887)
(f) administration and corporate costs	(357)	(357)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other – GST Refund	89	89
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,425)</b>	<b>(2,425)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	<b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	<b>Net cash from / (used in) financing activities</b>		

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,957	3,957
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,425)	(2,425)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held	(15)	(15)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>1,517</b>	<b>1,517</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,516	3,956
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other – Petty cash	1	1
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,517</b>	<b>3,957</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities		
7.2	Credit standby arrangements Hexima can borrow up to 80% of its R&D Tax Incentive receivable	4,313	0
7.3	Other – NAB Credit card facility Other – Bank of America credit card facility	300	3
7.4	<b>Total financing facilities</b>	4,613	3
7.5	<b>Unused financing facilities available at quarter end</b>		4,610
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

		\$A'000
<b>8.</b>	<b>Estimated cash available for future operating activities</b>	
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,425)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,517
8.3	Unused finance facilities available at quarter end (item 7.5)	4,610
8.4	Total available funding (item 8.2 + item 8.3)	6,127
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	2.5
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2022

Authorised by: Nicole van der Weerden, Executive Director and Acting CEO  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Expected and Actual Use of Funds			
Categories	Expected Use of Funds <sup>[1]</sup> \$000's	Actual Use of Funds 1 October 2020 to 30 September 2022 \$000's	% of total
Phase IIb clinical trial <sup>[2]</sup>	3,400	6,014	177
Scale-up of HXP124 manufacture and production of material for toxicology studies <sup>[3]</sup>	1,200	3,681	307
Formulation, stability and chemistry, manufacture and controls <sup>[4]</sup>	700	1,611	230
Toxicology studies <sup>[5]</sup>	2,000	2,425	121
Market research	100	68	68
Costs of the offer	700	703	100
Working capital	2,300	5,402	235
<b>Totals</b>	<b>10,400</b>	<b>19,904</b>	<b>191</b>

1. Expected Use of Proceeds and Current Cash as set out on page 10 of the Company's Prospectus dated 15 October 2020. Expected Use of Funds is net of the estimated R&D Tax Incentive rebate of 43.5% on eligible activities. For eligible R&D activities, the actual use of funds (when on budget) will therefore be approximately 177% of the expected use of funds.

2. Costs of the phase IIb clinical trial were in line with expectations. Early COVID-19-related delays in recruitment were previously disclosed and have resulted in this expenditure being delayed relative to initial expectations.

3. Costs of the scale-up of HXP124 manufacture were approximately 75% higher than expected due to completion of two additional manufacturing runs to produce material for toxicology studies and to further optimise the manufacturing process.

4. Costs of formulation, stability and chemistry, manufacture and controls were approximately 30% higher than expected due to additional costs relating to manufacture of drug product for toxicology studies and formulation optimisation.

5. Spending on toxicology studies has been lower than expected as an anticipated study that was budgeted was not required and another was rescheduled.