

HEXIMA LIMITED

ASX ANNOUNCEMENT



14 December 2022

GENERAL MEETING – LETTER TO SHAREHOLDERS

MELBOURNE, AUSTRALIA (14 December 2022): Attached is a Letter to Shareholders being dispatched today in respect of a General Meeting for Hexima Limited (ASX:HXL) which is being held on Tuesday 31 January 2023 at 10.00am AEDT at the offices of Arnold Bloch Leibler, Level 21, 333 Collins Street, Melbourne VIC 3000.

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

Enquiries:

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Wednesday, 14 December 2022

HEXIMA LIMITED

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Dear Shareholder,

On behalf of the Board, I invite you to attend a General Meeting of Hexima Limited (**Hexima**) which will be held on Tuesday, 31 January 2023 commencing at 10.00am AEDT at the offices of Arnold Bloch Leibler, Level 21, 333 Collins Street, Melbourne VIC 3000 (**General Meeting**).

As announced to the ASX on 05 December 2022, the Company has received notices pursuant to sections 203D(2), 249D and 249P of the *Corporations Act 2001* (Cth) with the purpose of removing three existing directors and appointing one new director (**Requisition Notice**).

The Shareholders who have requisitioned this meeting are:

- Merchant Group Australia Pty Ltd and CIP Licensing Limited as the Responsible Entity for the Merchant Biotech Fund (related parties) (together, **Merchant**); and
- Daniel Tillett,
(together, the **Requisitioning Shareholders**).

The Board considers this request for a general meeting to be a selfish use of Company funds by the Requisitioning Shareholders. To limit the cost of having to convene this General Meeting, the meeting will be held as a physical meeting only.

Attached to this letter is an important message from the Chair of the Company which we encourage you to read as it outlines the Company's rationale for its views on the resolutions proposed in the Requisition Notice and Merchant, a Requisitioning Shareholder.

The board recommends that Shareholders vote AGAINST all items of business.

Notice of Meeting

The Notice of Meeting for the General Meeting which sets out the resolutions being put to the meeting, important participation and voting information and the Explanatory Memorandum is available on the Hexima website at hexima.com.au/investor-centre.

Participation in the AGM – before the meeting

Vote or appoint a proxy

- Return the hard-copy Proxy Form or vote online at <https://investorcentre.linkgroup.com>.
- To be valid, your vote or proxy appointment must be received by 10.00am AEDT on Sunday 29 January 2023.

Ask a question

- Submit questions online at <https://investorcentre.linkgroup.com> by 5.00pm, Friday, 27 January 2023.

Participation in the AGM – at the meeting

Join the meeting

Attend the meeting in person at offices of Arnold Bloch Leibler, Level 21, 333 Collins Street, Melbourne VIC 300.

Vote at the meeting

Only shareholders, proxyholders, body corporate representatives or attorneys can vote at the meeting.

Ask a question or make a comment

Only shareholders, proxyholders, body corporate representatives or attorneys can ask questions or make comments at the meeting.

On behalf of the Board, I would encourage you to lodge your proxy vote prior to the proxy deadline and/or attend the General Meeting in person.

Yours sincerely,



Leanne Ralph
Company Secretary



Important message to Shareholders – please read

Dear Hexima Shareholder,

As announced to the ASX on 05 December 2022, the Company has received notices pursuant to sections 203D(2), 249D and 249P of the *Corporations Act 2001* (Cth) with the purpose of removing three existing directors and appointing one new director (**Requisition Notice**).

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Since receiving the results of the phase II clinical trial for pezadeftide in onychomycosis, which did not support taking the pezadeftide product forward, Hexima has successfully closed down the pezadeftide development program in an efficient and cost-effective manner, seeking to retain as much shareholder value as possible.

As already stated, the existing board is currently exploring and actively assessing strategic opportunities for the company. The existing collective skills and experience of the board is appropriate for the opportunities and projects currently under review. The three directors that the Requisitioning Shareholders are seeking to remove, Mr Aldridge, Mr Nunn and Mr Robertson, collectively bring to the board over 50 years of experience in life science and healthcare financing, M&A, strategy and operations, both in Australia and the United States. These skills are critical for assessing the opportunities presented to Hexima and in negotiating and executing a preferred transaction. A biography for each of the directors is included in the Explanatory Memorandum of this notice. Please further note that the non-executive directors do not currently receive any cash remuneration, so removal of directors will not 'decrease overheads' as suggested in the Requisitioning Shareholder's Member's Statement.

The Board would like to inform Shareholders of the following points:

- Merchant commenced accumulating shares in the Company on 15 September 2022 (according to the Company's share register) and as at the date of this Notice has 10.78% of the issued shares of the Company. Notices released by Merchant to the ASX shows that Merchant has acquired these Shares at a weighted average of \$0.014 per share.
- On 9 December 2022, another entity associated with Merchant (The Trust Company (Australia) Limited as custodian for Merchant Opportunities Fund) purchased an additional 1,686,348 Shares equating to 1.01% of the issued share capital of the Company at \$0.017 per share.



- This illustrates that Merchant is not a long-term shareholder and has been attempting to increase its influence at an opportunistic time.
- Merchant has not articulated a strategy for Hexima, and the intention of the Requisitioning Shareholders is unclear. It is not clear that the Requisitioning Shareholders, and in particular Merchant, will be acting in the best interests of all Shareholders.
- Merchant did approach the Company with an offer to invest new capital. However, the terms of that offer were unattractive, being at a significant discount to the net asset value held by the Company and extremely dilutive to shareholders. The Company therefore rejected their offer. Since that date, Merchant has accumulated 2.06% of shares on issue (increasing its holding to 10.78%, as previously noted), voted against all resolutions at Hexima's recent annual general meeting and has now served the Requisition Notice.
- Merchant's representative director whom they are seeking to appoint is Mr Chris Mews. He is described by Merchant as 'an experienced company director in healthcare and is currently a director and the CFO of AusCannGroup Holdings Limited'. However, the Hexima board has not been supplied with the detail of Mr Mews' experience as a director or the skills that he would add to the board at this time. The board also understands that Mr Mews is the Chief Financial Officer of Merchant and is therefore considered a related party of at least two of the Requisitioning Shareholders.

The existing Hexima board continues to advance its stated strategic goal to maximise the outcome for shareholders through a transaction. The board changes proposed would increase Merchant's control of Hexima and may have a destabilising effect on the timely and successful completion of such a transaction.

Furthermore, two of the directors that the Requisitioning Shareholders seek to remove are Independent, while the director they are seeking to appoint is non-independent. The proposed board structure would leave Hexima with just a single independent director, which is inconsistent with ASX Corporate Governance Council Principles and Recommendations. At the time of a transaction, the composition of the board and collective skills required to take the Company forward will be re-assessed.

Board's Recommendation

It is on this basis, that the board unanimously recommends shareholders vote against all items of business at this meeting.

Thank you for your continued support of Hexima.

Yours sincerely,

Professor Jonathan West
Chair