CHAIRMAN AND CEO LETTER

Dear fellow shareholders,

It is our pleasure to report on an exciting year at Hexima, during which Hexima continued to make excellent progress towards developing a novel topical treatment for onychomycosis, or fungal nail infections.

Hexima's lead drug candidate, HXP124, is an antifungal plant defensin which has been formulated for efficient nail penetration and is expected to reach the site of infection in amounts that effectively kill the fungi that are responsible for the infection. Furthermore, HXP124 has a fungicidal mode-of-action and kills fungal cells within 30 minutes. Together, we believe these attributes will make HXP124 a best-in-class treatment for onychomycosis.

During 2018-2019, Hexima completed the 3-month follow-up period for its phase I/IIa clinical trial which demonstrated that HXP124 has the potential to be an effective treatment for onychomycosis. HXP124 demonstrated an excellent safety profile with no treatment-related adverse events observed. HXP124 did not cause pain or irritation and the peptide was not detected in the bloodstream of patients. After daily treatment for just six weeks, patients treated with HXP124 saw greater clearing of the infected nail area and were more likely to have fungus cleared from the nail than Vehicle-treated patients.

This positive clinical data is a key development for Hexima and provides proof-of-concept evidence for the potential of HXP124 to be an effective treatment for onychomycosis.

In 2019, Hexima also commissioned a detailed commercial assessment conducted by ClearView Healthcare Partners (Boston, USA) which canvassed feedback from patients, clinicians and insurers in the USA. This assessment confirmed that the target product profile for HXP124 would be well received and has significant revenue potential in the US and worldwide.

Based on the positive phase I/IIa clinical data, Hexima is now raising capital to conduct a phase IIb clinical trial. This phase IIb trial is intended to assess the optimal target product profile for HXP124 in a larger cohort of patients to better assess safety and efficacy of HXP124. Capital raised will also fund the scale-up of manufacturing and additional animal toxicology studies to support the development program. To fund continued development of HXP124 through H2, 2019, Hexima recently closed a bridge financing of $3 million in the form of convertible notes.

Hexima has commenced additional animal toxicology studies required to conduct the proposed phase IIb clinical trial and expects to commence the phase IIb study in H2, 2020. The phase IIb study is expected to run for 15 months and be completed by the end of 2021.

During the year Hexima also strengthened its management team and Board of Directors. Mr Michael Aldridge was appointed as Chief Business Officer and Executive Director. Based in San Francisco, Mr Aldridge brings a wealth of experience to Hexima, in particular his experience with Peplin Inc., where he led an Australian developed technology through clinical trials in the USA and ultimately to a major acquisition. Hexima also engaged Dr Peter Welburn as a consultant on its product development strategy. Dr Welburn has extensive pharmaceutical development experience and was CSO and VP Research & Development at Peplin Inc and General Manager at Leo Pharma Australia. We welcome Michael and Peter to the Hexima team and look forward to working with them to execute on our strategy for developing a novel, best-in-class, therapy for fungal nail infections.

Lastly, we would like to thank our dedicated and hardworking team at Hexima for a successful year and also thank you, our shareholders, for your continued support.

Jonathan West Nicole van der Weerden