

PharmX Technologies Limited

ABN 25 000 091 305

This statement outlines the Company's corporate governance policies and practices and complies in all material respects with the 4th edition of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations ("ASX recommendations").

This Corporate Governance Statement has been approved by the Board and is effective as of 23 August 2023.

The Company's corporate governance charters and policies are available under the Investor Info section of the Company's Website (<https://pharmx.com.au/pharmx-investor-centre>) (**Website**).

The Corporate Governance Statement refers to both the Managing Director and Chief Executive Officer (**CEO**). Both roles may be held by one individual and in which case the responsibilities outlined below are read together.

On 1 February 2022 Chairman Nick England assumed the position of Executive Chairman / Interim CEO. A comprehensive search will be undertaken for a permanent replacement of the Chief Executive Officer.

Roles and responsibilities of the Board and Management

The Board is ultimately responsible for the operations, management and performance of the Company and is accountable to shareholders. The roles and responsibilities of directors are formalised in the Board Charter which defines those matters that are reserved for the Board and its committees and those that are the responsibility of the CEO.

The Board is accountable to shareholders and its responsibilities include:

- ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision-making;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- driving the strategic direction of the Company, ensuring appropriate resources are available to meet agreed objectives and monitoring management's performance against those objectives;
- appointment of the Managing Director, Chief Executive Officer and other senior executives and the determination of their terms and conditions of employment, including remuneration and termination provisions;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;

- approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- approving the annual and half yearly accounts;
- approving significant changes to the organisational structure;
- approving the issue of any shares, options, equity instruments or other securities; and
- recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved.

Management is responsible for

- the implementation of the strategic objectives;
- providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities;
- operating within the risk appetite and governance structure delegated to it by the Board; and
- all other aspects of the day-to-day running of the Company.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Details of the number of and attendance at Board meetings throughout the financial year can be found in the Directors' Report within the Annual Report.

Structure and composition of the Board

The Board seeks to ensure that the number and combination of its members provides an appropriate range of experience, skills, diversity, knowledge and perspective to enable it to carry out its obligations and responsibilities, within the context of and appropriateness to the size of the Company.

The Board believes that having a range of different skills, backgrounds, and experience ensures a diversity of viewpoints and specialised knowledge which facilitates effective governance and decision making.

The skills and experience in the areas listed below are desirable for the Company's Board to perform its role effectively.

- Executive / Management
- Strategic and entrepreneurial thinking
- Technology
- Healthcare and retail
- Marketing and sales
- Financial acumen and qualifications
- Mergers, acquisitions and capital markets
- Governance and risk management

- Diversity of industry experiences

To the extent that skills are not directly represented on the Board, they are augmented through management and external advisors.

The Company seeks to maintain a majority of non-executive directors on its Board. The Board currently comprises three non-executive directors and one executive director.

Details of the directors in office during the year and to the date of the Annual Report, including information about their experience, expertise and term of office, are set out in the Directors' Report within the Annual Report.

Appointment and re-election of directors

Candidates for appointment to the Board are recommended by the Remuneration and Nomination Committee. They are assessed against a range of criteria, including background, experience, professional qualifications, personal qualities, the potential to augment the skills of the existing Board members and the ability to commit the time required to undertake the Board's activities.

Apart from the Executive Chair, directors are subject to shareholder re-election by rotation at least every three years, provided always that no Director except the Managing Director can hold office for more than three years without standing for re-election. The Directors may appoint at any time a director to fill a casual vacancy or as an addition to the existing Directors, and that Director will be put forward for election at the first Annual General Meeting following their appointment. The Company provides shareholders with all material information in its possession relevant to the election or re-election of a director.

Once appointed, directors receive a formal letter of appointment setting out the key terms, conditions and expectations of their appointment. Upon induction directors are provided material relevant to their role and are encouraged to meet with management and subject matter experts within the organisation to deepen their knowledge of the business and its activities.

The Company recognises the need for its directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively. As such it makes available opportunities to further directors' professional development be it through interaction with internal and external experts, or formal programmes with the likes of the Australian Institute of Company Directors and other professional bodies.

Director independence

Independent directors are those who have the ability to exercise their duties unfettered by any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere

with, the independent exercise of their judgement, and are willing to express their opinions at the Board table free of concerns about their position or the position of any third party.

Each director is required to immediately disclose to the Board if they have an interest or relationship which is likely to impact on their independence or if a director believes they may no longer be independent. The Board assesses on a regular basis, and at least annually, the independence of each non-executive director in light of the information disclosed by them.

The Board's assessment of independence and the criteria against which it determines the materiality of any facts, information or circumstances is formed by having regard to the ASX recommendations and in particular the factors for consideration set out in recommendation 2.3; the materiality guidelines applied in accordance with Australian Accounting Standards; and any independent professional advice obtained by the Board.

The directors in office as at the date of the Annual Report are:

Mr Nick England (Executive Chair, Interim CEO, Director)

Mr Jon Newbery (non-executive Director)

Ms Jayne Shaw (non-executive Director)

Mr Dennis Bastas (non-executive Director)

Having regard to the ASX recommendations:

- Mr Jon Newbery and Ms Jayne Shaw are considered to be independent directors; and
- Mr Dennis Bastas is not considered to be independent as he is the executive Chairman of a substantial shareholder of the Company.

Since 1 February 2022, when Mr Nick England assumed the role of interim CEO / Executive Chair, he is not considered to be independent. When he no longer has an executive role, his independence will be re-assessed. Mr England stepped down from his positions on the Audit and Risk Committee and Remuneration and Nomination Committee on taking the executive role in the Company.

Therefore at the date of this report 50% of Board members are independent directors.

Board performance

The Board continually assesses its performance and undertakes an annual review of its performance and that of its committees. The review takes the form of assessing the strengths and weaknesses of the directors as a group and identifying areas they can improve. The method of assessment may include the conduct of surveys and individual interviews, along with collective Board discussion. Where and when appropriate, an external facilitator may be used periodically to assist in the process.

An internal assessment of performance of the Board, its roles and responsibilities and its effectiveness in relation to the financial year 2023 has been completed.

Acting lawfully, ethically and responsibly

The Company has articulated a Statement of values which is set out in its Code of Conduct:

Customer First

- Listen to the voice of the customer, always
- Deliver on promises – be trusted, knowledgeable and passionate
- Be proud and take ownership of the customer experience

Own Our Results

- Do what it takes to get the right things done – and get it done
- Be clear about where you are heading
- Recognise the performance of others

One Team

- Communicate often, in a transparent and meaningful way
- Collaborate across teams; trust and respect one another
- Create an environment where everyone can be their best

We Innovate

- Learn and grow to work smarter
- Take time to innovate and implement quickly
- Share ideas – and listen to others' ideas

Code of Conduct

The Company acts according to a written Corporate Code of Conduct which provides a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, customers and stakeholders.

All directors, executives and employees are expected to abide by the Corporate Code of Conduct, which covers a number of areas, including:

- professional conduct and ethical standards;
- standards of workplace behaviour and equal opportunity;
- relationships with customers, suppliers and competitors;
- confidentiality and continuous disclosure;
- anti-discrimination and harassment;
- trading in Company securities; and

- the environment.

Anti-Bribery and Corruption

The Company has adopted an anti-bribery and corruption policy.

The Company will not tolerate wilful acts of bribery and corruption in its operations and activities since such acts are legally, morally and ethically wrong. Bribery and corruption are criminal offences and such acts by the Company, its subsidiaries, its directors, officials, employees, contractors and other representatives could generate the risk of legal action possibly resulting in fines and/or imprisonment.

The policy:

- sets out the Company's responsibilities, and the responsibilities of those working for the Company or on its behalf, in observing and upholding the Company's position on bribery and corruption; and
- provides information and guidance on how to recognise and deal with instances of bribery and corruption.

This policy applies to:

- all employees working at all levels and grades within the Company including senior managers, officers, directors, trainees, interns and casual workers (whether permanent, fixed term or temporary), wherever located (collectively referred to as "**employees**" in the policy); and all consultants, contractors, seconded staff and agency staff, volunteers, agents, sponsors, or any other person associated with the Company, wherever located and who is not an employee (collectively referred to as "**representatives**" in the policy).

This policy covers:

- Bribes;
- Gifts and hospitality;
- Facilitation payments;
- Political contributions;
- Charitable contributions;
- Sponsorships;
- Record-keeping and internal controls;
- How to raise a concern;
- What to do if you are a victim of bribery or corruption;
- Protection; and
- Monitoring and Review.

Shareholdings of directors and employees

The Company's policy with regard to buying and selling securities encompasses:

- a policy which extends directly and indirectly to directors and employees;
- a prohibition on short term trading;
- a prohibition of trading by persons in possession of price sensitive information which is not available to the public;
- permission to trade in the Company's securities which is limited to the four weeks period following:
 - a) the date of the Company's Annual General Meeting;
 - b) release of the half yearly results announced to the ASX;
 - c) release of the preliminary annual results announced to the ASX; or
 - d) release of a disclosure document offering securities in the Company.

Equity based remuneration

Equity based remuneration is made in accordance with thresholds set in plans approved by shareholders. In addition, the Company has issued equity-based remuneration to both executives and senior management under an Omnibus Equity Plan which has been approved by shareholders at a general meeting, at which a summary of the incentive plan was provided to shareholders.

Under the Corporate Share Trading Policy, participants in the incentive plan are not permitted to hedge or otherwise limit the economic risk of participating in the plan.

Diversity

Under the Diversity Policy, the Board has not to date developed measurable objectives for achieving greater gender diversity in the composition of the Board, the Company's senior executives and workforce generally in accordance with this policy.

The Corporate Code of Conduct precludes any discrimination on the basis of race, religion or gender, including in matters of recruitment and employment. The directors believe that under its existing policies and practice the Company is achieving a multi-cultural and gender diverse workforce.

With regard to gender diversity, the Company is committed to providing an environment that is supportive of female participation in the workforce. The Company continues to recognise the importance of providing flexible work practices on a case-by-case basis, to support employees with carer responsibilities and those preparing for or returning from maternity leave.

The proportion of women in the Company on 30 June 2023 was as follows:

Women in the whole organisation:	35%
Women in senior positions:	38%
Women in executive positions:	17%
Women on the Board:	25%

Executive positions are those that make or participate in the making of decisions that affect the whole or substantial part of the business or have the capacity to significantly affect the Company's financial standing. Employees in senior positions are those not in executive positions who none-the-less have either managerial responsibility or are senior sole contributors who possess specialist or professional skills essential within the organisation.

Audit and Risk Committee

The Company has established an Audit and Risk Committee which is governed by the Audit and Risk Committee Charter.

The Committee members consist of a minimum of two non-executive directors and is chaired by an independent non-executive director who is not the Company's Chairman. Membership of the Committee is reflective of the Board composition and as such will not always consist of the minimum three non-executive directors suggested by the ASX recommendations.

During Financial year 2023 the Committee consisted of two independent non-executive directors, and the Chair of the Committee is not the Chair of the Company.

Details of the membership of the Committee and their attendance at meetings during the financial year are included in the Directors' Report within the Annual Report.

The primary purpose of this Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- the quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices;
- compliance with all applicable laws, regulations and Company policy;
- the effectiveness and adequacy of internal control processes;
- the performance of the Company's external auditors and their appointment and removal;
- the independence of the external auditor and the rotation of the lead engagement partner; and
- the identification and management of business risks.

Directors, including executive directors, who are not members of the Committee may attend any meeting. The Chief Executive Officer and Chief Financial Officer attend the meetings by invitation. At least twice per

year the Audit and Risk Committee meets with the external auditors without the presence of executive management.

Managing Director / Chief Executive Officer and Chief Financial Officer declarations

Prior to the approval by the Board of the Company's financial statements, the Board receives a declaration from the Managing Director / Chief Executive Officer and Chief Financial Officer. These declarations state that in their opinion:

- the financial records of the Company have been properly maintained,
- 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 Company; and
- that the opinion has been formed based on a sound system of risk management and internal control which is operating effectively.

Periodic corporate reports that are not audited or reviewed

The Company publishes half yearly investor updates which are not audited or reviewed by an external auditor. These reports are reviewed and approved by the Board before publication.

Continuous Disclosure

The Company has a Market Disclosure Policy which sets out established procedures and policies designed to ensure:

- that the market is kept informed in a timely manner; and
- that the Company's obligations are met in respect to the ASX Listing Rules regarding continuous disclosure.

The CEO is the nominated continuous disclosure officer for the Company.

The Board authorises all disclosures necessary to ensure that:

- all investors have equal and timely access to material information concerning the Company including its financial situation, performance, ownership and governance; and
- Company announcements are factual and presented in a clear and balanced way.

The Board is committed to ensuring, subject to privacy laws and the need to act in the best interests of the Company by protecting confidential commercial information, that shareholders, the stock market and other interested parties are informed fully of all material matters affecting the Company.

The dissemination of information is mainly achieved by distributing to all shareholders each year an Annual Report and regular announcements submitted to the ASX.

Each Director receives a copy of all material market announcements promptly after they have been released on the ASX platform.

Communication and interaction with shareholders and investors

The Website contains information on the Company's business and its history, and the "investors centre" and "about us" sections include the following information for shareholders:

- all market announcements, posted immediately after release to the ASX, including the Company's Annual Reports and Half Year Financial Reports;
- copies of notices of meetings of security holders;
- copies of any materials distributed at investor or analyst presentations;
- details relating to the Company's directors and executives;
- Board and Board Committee charters, corporate governance policies and other corporate governance documents; and
- details of how investors can contact the Company's share registry.

Shareholders can elect to receive communications from the Company's share registry electronically which also gives shareholders the opportunity to manage their account details and holdings electronically. Shareholders are also able to send communications to the Company and receive responses to these communications electronically.

The Company has established an investor relations programme which may involve meetings with significant current and potential investors, market analysts, and the media. These meetings may involve directors, the Chief Executive Officer and the Chief Financial Officer, and are formulated to ensure that price sensitive matters which are not available to the market generally are not disclosed. These meetings or communications do not take place in the period immediately preceding the release of interim or full year results.

The Company may hold open briefings with institutional investors or stockbroking analysts to discuss information that has been released to the market. Price-sensitive information that has not been released to the market must not be disclosed at open briefings. Before any open briefing, the Company will inform the market about the briefing through the ASX platform and on the Website.

In order to provide additional information for shareholders the Company may prepare a results presentation to accompany the Annual Report and the Half Year Financial Report.

The Company holds an Annual General Meeting to which all shareholders are invited. Shareholders who are unable to attend may appoint a proxy to attend and vote. Directors are available to answer questions throughout the meeting. The engagement partner of the external auditors attends the Annual General Meeting and is available during the meeting to answer questions from shareholders relevant to the audit. All substantive resolutions at a General Meeting are decided by a poll rather than by a show of hands.

Risk identification and management

Risk is an accepted part of doing business and the Company is committed to identifying and managing areas of significant business risk to ensure there is balance between the protection of shareholders, employees, earnings and the environment, and the opportunities and returns that often accompany risk.

The Board has delegated to the Audit and Risk Committee responsibility for overseeing the implementation of policies and procedures aimed at ensuring that the Company conducts its operations in a manner that adequately manages risk and accords with the risk appetite established and communicated to the Committee and the business by the Board. Risk identification and management is also a key focus of the executive and senior management teams. The Committee reports to the Board in relation to matters relevant to its responsibilities.

Key components of the risk management framework are reviewed by the Audit and Risk Committee and approved by the Board on a periodic basis, and at least annually. Arrangements in place include:

- guidelines and limits for approval of all expenditure, including capital expenditure and investments, and the employment and termination of employees;
- regular detailed financial budgetary and monthly management reporting;
- identification and mitigation of risk through transfer of risk to external insurers;
- policies and procedures to identify and manage operational and financial risks; and
- implementation and monitoring of a robust and effective internal control environment.

The Company does not have a dedicated internal audit function. The Board believes such a function would be inappropriate due to the size of the organisation, the simplicity of its structure and activities, and the close involvement of senior and executive management in day-to-day operations of the business. Nevertheless, internal control reviews and risk assessments of specific areas of the business are undertaken periodically and the results reported to the Audit and Risk Committee or the Board.

Economic sustainability risk

Economic sustainability risks are risks that impact the ability of the Company to continue operating at its current level of economic production. The Company is exposed to a number of economic sustainability risks which have the potential to impact on the Company's ability to create or preserve value for shareholders over the long term. These risks include changes in markets and technology, changes in the health regulatory environment, and key person risk.

These risks are managed by management and the Board. Actual and potential changes are regularly monitored and evaluated, with alternative courses of action determined based on anticipated outcomes to enable the Company to position itself to respond when required to mitigate or take advantage of any such changes.

Key person risk is managed by the identification of the employees presenting the risk and backed up with appropriate steps for the active management, development and retention of the identified employees. This effort fits more broadly with employee engagement efforts focused on the goal of retention of critical skills and knowledge within the organisation.

Environmental and social sustainability

Environmental sustainability risks are risks to the Company's ability to continue operating in a manner that does not compromise the health of the ecosystems in which it operates over the long term. Social sustainability risks are risks to the Company's ability to continue in a manner that meets acceptable social norms and needs over the long term.

The Company does not believe that it has a material exposure to environmental and social sustainability risks that have a real possibility of substantially impacting on the Company's ability to create or preserve value for its shareholders over the short, medium, or long term.

Remuneration and Nomination Committee

The Company has established a Remuneration and Nomination Committee which is governed by a Remuneration and Nomination Committee Charter.

The Committee consist of at least two non-executive directors and is chaired by an independent non-executive director who is not the Company Chair. Membership of the Committee is reflective of the Board composition and as such will not always consist of the minimum three non-executive directors suggested by the ASX recommendations.

During Financial Year 2023 the Committee consisted of three non-executive directors, the majority of whom are independent directors, and was Chaired by an independent director.

Details of the membership of the Committee and their attendance at meetings during the financial year are included in the Directors' Report within the Annual Report.

The responsibilities of this Committee include:

- reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and directors who will create value for shareholders;
- ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- recommending to the Board the remuneration of executive directors;
- fairly and responsibly rewarding executives having regard to the performance of the Company, the performance of the executive and the prevailing remuneration expectations in the market;

- reviewing the Company's recruitment, retention and termination policies and procedures for senior management;
- reviewing and approving the remuneration of executive and senior management direct reports to the Chief Executive Officer;
- reviewing and approving any equity-based plans and other incentive schemes;
- maintaining a Board that has an appropriate mix of skills and experience to be an effective decision-making body; and
- ensuring that the Board is comprised of directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.

The Committee may seek external advice from independent experts to make recommendations in relation to the Company's remuneration practices, structure and remuneration levels.

Director and executive remuneration

Details in relation to the Company's remuneration policies are disclosed in the Remuneration Report, which forms a part of the Directors' Report within the Annual Report.

Participants in equity-based remuneration schemes are specifically prohibited from hedging the exposure to the Company's share price during the vesting period of their unvested equity instruments.

Executive Performance

The Board's Policy is to conduct an annual performance assessment of the Chief Executive Officer against agreed performance measures.

The Chief Executive Officer undertakes the same assessments of executives and senior management. In assessing the performance of the individual, the review includes consideration of their function, achievement of individual targets and agreed objectives, and the overall performance of the Company.

Details of the performance of executives is provided by the Chief Executive Officer to the Remuneration and Nomination Committee together with remuneration recommendations. The Committee in turn makes recommendations to the Board for approval. A review was conducted during FY23.