

# **iX Biopharma Ltd.**

(Company Registration No. 200405621W)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

# Unaudited Condensed Interim Consolidated Statement of Comprehensive Income

for six months ended 31 December 2022

	Note	Group 6 months ended		%
		31.12.22 S\$'000	31.12.21 S\$'000	
Revenue	5.3	2,528	13,185	(81)
Cost of sales		(1,638)	(1,059)	55
<b>Gross Profit</b>		<b>890</b>	<b>12,126</b>	(93)
Other income		701	327	114
Other losses	6	(2,211)	(1,373)	61
Expenses				
- Research and development		(1,816)	(1,187)	53
- Sales and marketing		(1,868)	(983)	90
- General and administrative		(2,872)	(4,623)	(38)
- Finance expense		(118)	(104)	13
Total expenses		(6,674)	(6,897)	(3)
<b>Profit / (loss) before income tax</b>	7	(7,294)	4,183	Nm
Income tax expense	8	(55)	(521)	(89)
<b>Profit / (loss) for the financial period</b>		<b>(7,349)</b>	<b>3,662</b>	Nm
<b>Other comprehensive income:</b>				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation				
- Gain		1,729	848	104
<b>Total comprehensive profit / (loss)</b>		<b>(5,620)</b>	<b>4,510</b>	Nm
<b>Earnings per share (EPS) attributable to equity holders of the Company (cent per share)</b>				
Basic EPS	9	(0.96)	0.49	Nm
Diluted EPS	9	(0.96)	0.49	Nm

nm: not meaningful

The Unaudited Consolidated Interim Statement of Comprehensive Income should be read in conjunction with the 2022 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

## Unaudited Condensed Interim Balance Sheets

As at 31 December 2022

	Note	Group		Company	
		31.12.22	30.06.22	31.12.22	30.06.22
		S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	10	11,294	13,494	9,459	8,638
Trade and other receivables		2,212	1,981	22,168	24,749
Inventories		873	906	18	19
Other current assets		493	462	365	371
		<u>14,872</u>	<u>16,843</u>	<u>32,010</u>	<u>33,777</u>
<b>Non-current assets</b>					
Deposits		65	67	-	-
Intangible assets	11	313	346	18	36
Property, plant and equipment	12	7,127	7,498	117	131
Right of use assets	13	56	226	47	226
Deferred tax assets	14	1,201	1,276	-	-
Financial Asset – FVPL	15	2,183	2,261	2,183	2,261
Investments in subsidiaries		-	-	1,966	1,966
		<u>10,945</u>	<u>11,674</u>	<u>4,331</u>	<u>4,620</u>
<b>Total assets</b>		<u>25,817</u>	<u>28,517</u>	<u>36,341</u>	<u>38,397</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		2,954	2,491	1,504	1,676
Borrowings	16	2,964	3,291	16	27
Lease liabilities	16	53	238	49	238
Provision		77	76	-	-
Current income tax liabilities		1,741	1,759	573	573
		<u>7,789</u>	<u>7,855</u>	<u>2,142</u>	<u>2,514</u>
<b>Non-current liabilities</b>					
Borrowings	16	704	876	-	2
Lease liabilities	16	5	-	-	-
Provision		40	42	-	-
		<u>749</u>	<u>918</u>	<u>-</u>	<u>2</u>
<b>Total liabilities</b>		<u>8,538</u>	<u>8,773</u>	<u>2,142</u>	<u>2,516</u>
<b>NET ASSETS</b>		<u>17,279</u>	<u>19,744</u>	<u>34,199</u>	<u>35,881</u>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital		97,233	94,178	97,233	94,178
Other reserves	17	3,963	2,134	668	568
Accumulated losses		(83,917)	(76,568)	(63,702)	(58,865)
<b>Total equity</b>		<u>17,279</u>	<u>19,744</u>	<u>34,199</u>	<u>35,881</u>

The Unaudited Consolidated Interim Balance Sheets should be read in conjunction with the 2022 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

## Unaudited Condensed Interim Statements of Changes in Equity for six months ended 31 December 2022

Group	Attributable to equity holders of the Company				Total equity
	Share capital	Share based payment reserve	Currency translation reserve	Accumulated losses	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 30 June 2022	94,178	568	1,566	(76,568)	19,744
Loss for the period	-	-	-	(7,349)	(7,349)
Other comprehensive gain for the period	-	-	1,729	-	1,729
Total comprehensive profit/(loss) for the period	-	-	1,729	(7,349)	(5,620)
Share based payment scheme					
- Value of employees' services	-	429	-	-	429
- Shares issued pursuant to iX Performance Share Plan	329	(329)	-	-	-
Shares issued pursuant to private placement, net of transaction cost	2,726	-	-	-	2,726
Total transactions with owners, recognised directly in equity	3,055	100	-	-	3,155
<b>Balance as at 31 December 2022</b>	<b>97,233</b>	<b>668</b>	<b>3,295</b>	<b>(83,917)</b>	<b>17,279</b>
Balance as at 30 June 2021	83,337	411	(67)	(71,970)	11,711
Profit for the period	-	-	-	3,662	3,662
Other comprehensive gain for the period	-	-	848	-	848
Total comprehensive profit for the period	-	-	848	3,662	4,510
Share based payment scheme					
- Value of employees' services	-	963	-	-	963
- Shares issued pursuant to iX Performance Share Plan	1,224	(1,224)	-	-	-
Shares issued pursuant to rights issue, net of transaction cost	9,617	-	-	-	9,617
Total transactions with owners, recognised directly in equity	10,841	(261)	-	-	10,580
<b>Balance as at 31 December 2021</b>	<b>94,178</b>	<b>150</b>	<b>781</b>	<b>(68,308)</b>	<b>26,801</b>

  

Company	Attributable to equity holders of the Company				Total equity
	Share capital	Share based payment reserve	Accumulated losses	Total equity	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 30 June 2022	94,178	568	(58,865)	35,881	35,881
Loss for the period	-	-	(4,837)	(4,837)	(4,837)
Total comprehensive loss for the period	-	-	(4,837)	(4,837)	(4,837)
Share based payment scheme					
- Value of employees' services	-	429	-	-	429
- Shares issued pursuant to iX Performance Share Plan	329	(329)	-	-	-
Shares issued pursuant to private placement, net of transaction cost	2,726	-	-	-	2,726
Total transactions with owners, recognised directly in equity	3,055	100	-	-	3,155
<b>Balance as at 31 December 2022</b>	<b>97,233</b>	<b>668</b>	<b>(63,702)</b>	<b>34,199</b>	<b>34,199</b>
Balance as at 30 June 2021	83,337	411	(58,779)	24,969	24,969
Profit for the period	-	-	6,740	6,740	6,740
Total comprehensive gain for the period	-	-	6,740	6,740	6,740
Share based payment scheme					
- Value of employees' services	-	963	-	-	963
- Shares issued pursuant to iX Performance Share Plan	1,224	(1,224)	-	-	-
Shares issued pursuant to rights issue, net of transaction cost	9,617	-	-	-	9,617
Total transactions with owners, recognised directly in equity	10,841	(261)	-	-	10,580
<b>Balance as at 31 December 2021</b>	<b>94,178</b>	<b>150</b>	<b>(52,039)</b>	<b>42,289</b>	<b>42,289</b>

The Unaudited Condensed Interim Statement of Changes in Equity should be read in conjunction with the 2022 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

# Unaudited Condensed Interim Consolidated Statement of Cash Flows

for six months ended 31 December 2022

	Note	Group	
		6 months ended	
		31.12.22	31.12.21
		S\$'000	S\$'000
<b>Cash flows from operating activities</b>			
Total profit / (loss) after tax		(7,349)	3,662
Adjustments for:			
- Depreciation and amortisation expense		485	543
- Income tax expense		55	521
- Interest expense		118	104
- Inventory write-down		30	120
- Provision		5	16
- Research and development tax incentive		(670)	(296)
- Share based payment expense		429	963
- Fair value (gain) / loss of financial asset, at FVPL		(73)	172
- Unrealised currency exchange losses– net		2,074	970
		(4,896)	6,775
Changes in working capital:			
- Trade and other receivables		(415)	(1,448)
- Other current assets		(32)	68
- Trade and other payables		498	(497)
- Inventories		(36)	(19)
<b>Cash generated from / (used in) operations</b>		(4,881)	4,879
Research and development tax incentive received		829	706
<b>Net cash provided by / (used in) operating activities</b>		(4,052)	5,585
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(261)	(66)
Addition to financial asset, at FVPL		-	(5,423)
<b>Net cash used in investing activities</b>		(261)	(5,489)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		2,726	9,617
Proceeds from borrowings		-	1,395
Increase in fixed deposits pledged		(40)	-
Repayment of borrowings		(306)	(328)
Principal payment of lease liabilities		(190)	(188)
Interest paid		(118)	(104)
<b>Net cash from financing activities</b>		2,072	10,392
<b>Net(decrease)/ increase in cash and cash equivalents</b>		(2,241)	10,488
<b>Cash and cash equivalents</b>			
Beginning of financial period		12,906	5,585
Effects of currency translation on cash and cash equivalents		29	18
End of financial period	10	10,694	16,091

The Unaudited Condensed Interim Consolidated Statement of Cash Flows should be read in conjunction with the 2022 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

## **A NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

### **1. GENERAL INFORMATION**

iX Biopharma Ltd. (the “Company”) is a public limited liability company, incorporated and domiciled in Singapore. The address of its registered office is 105 Cecil Street, #12-02 Octagon, Singapore 069534. The address of its principal place of business is 1 Kim Seng Promenade, #14-01 Great World City East Lobby, Singapore 237994.

The principal activities of the Group are the development, manufacture and commercialisation of innovative therapies for the treatment of acute and breakthrough pain, and other health conditions.

The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (SGX-ST).

### **2. BASIS OF PREPARATION**

#### **a) Basis of accounting**

These consolidated financial statements are unaudited and prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. They do not include all of the information required for full annual financial statements and should be read in conjunction with the last audited annual financial statements for the year ended 30 June 2022 (2022 Audited Financial Statements).

The 2022 Audited Financial Statements were prepared under Singapore Financial Reporting Standards (International) (SFRS(I)).

#### **b) Significant accounting policies**

The accounting policies and presentation adopted for this unaudited consolidated interim financial report are consistent with those adopted for the 2022 Audited Financial Statements.

#### **c) New and amended standards adopted by the Group**

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) (SFRS(I)) and Interpretations of SFRS(I) (INT SFRS(I)) that are mandatory for the accounting periods beginning on or after 1 July 2022. The adoption of these new and revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

### **3. USE OF JUDGEMENTS AND ESTIMATES**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

### **4. SEASONALITY OF OPERATIONS**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

## 5. SEGMENT AND REVENUE INFORMATION

### 5.1 Reportable segments

The Group's business comprises of the Specialty Pharmaceutical and Nutraceutical segments.

Specialty Pharmaceutical's primary business activities are the development and manufacturing of products, and sales of pharmaceutical and medicinal cannabis products.

Nutraceutical's primary business activities are the sale of nutraceutical products.

	Group			Group		
	6 months ended 31.12.22			6 months ended 31.12.21		
	Specialty Pharmaceuticals S\$000	Nutraceuticals S\$000	Total S\$000	Specialty Pharmaceuticals S\$000	Nutraceuticals S\$000	Total S\$000
<b>Total segment sales</b>	2,208	441	2,649	13,589	234	13,823
Less:						
Inter-segment sales	(121)	-	(121)	(638)	-	(638)
<b>Sales to external parties</b>	2,087	441	2,528	12,951	234	13,185
Adjusted EBITDA	(1,948)	(1,371)	(3,319)	8,796	(731)	8,065
Depreciation	266	-	266	312	-	312
Amortisation	-	-	-	9	-	9

Group	
6 months ended	
31.12.22	31.12.21
S\$000	S\$000

**Adjusted EBITDA** is reconciled to profit / (loss)

before income tax as follows:

Reportable segments	(3,319)	8,065
Unallocated corporate expenses	(1,402)	(1,195)
	(4,721)	6,870
Research and development tax incentive	670	296
Depreciation	(467)	(516)
Amortisation	(18)	(27)
Currency exchange gains/(losses) - net	(2,284)	(1,201)
Share based payment expense	(429)	(963)
Finance expense	(118)	(104)
Fair value gain / (loss) of financial asset, at FVPL	73	(172)
<b>Profit/ (Loss) before income tax</b>	<b>(7,294)</b>	<b>4,183</b>

## 5.2 Geographical segments

The Group's two business segments operate in four geographical areas.

	Group	
	6 months ended	
	31.12.22	31.12.21
	S\$000	S\$000
<b>Net sales</b>		
United States of America	95	12,354
Australia	2,019	565
China	354	236
Singapore	60	30
	<u>2,528</u>	<u>13,185</u>
	<b>31.12.22</b>	<b>31.12.21</b>
	<b>S\$000</b>	<b>S\$000</b>
<b>Non-current assets</b>		
Singapore	2,365	693
Hong Kong	65	65
Australia	7,314	8,047
Europe	1,201	6,651
	<u>10,945</u>	<u>15,456</u>

## 5.3 Revenue from contracts with customers

During the financial year, the Group derives revenue from the transfer of goods and services at a point in time and over time in the following categories:

	Group			Group		
	6 months ended 31.12.22			6 months ended 31.12.21		
	At a point in time	Over time	Total	At a point in time	Over time	Total
	S\$000	S\$000	S\$000	S\$000	S\$000	S\$000
Sale of goods:						
- Specialty Pharmaceuticals	325	-	325	189	-	189
- Nutraceuticals	442	-	442	234	-	234
	<u>767</u>	<u>-</u>	<u>767</u>	<u>423</u>	<u>-</u>	<u>423</u>
Out-licencing	-	-	-	12,372	-	12,372
Development and manufacturing services	-	1,761	1,761	-	390	390
<b>Total</b>	<u>767</u>	<u>1,761</u>	<u>2,528</u>	<u>12,795</u>	<u>390</u>	<u>13,185</u>

## 6. OTHER LOSSES

	Group	
	6 months ended	
	31.12.22	31.12.21
	S\$'000	S\$'000
Currency exchange losses - net	(2,284)	(1,201)
Fair value gain/(loss) of financial asset, at FVPL	73	(172)
	<u>(2,211)</u>	<u>(1,373)</u>



## 7. PROFIT/ LOSS BEFORE TAX

Profit/ Loss before tax includes the following items that are either unusual because of their nature, size or incidence; or required by disclosure provisions of Catalist Rules of SGX-ST:

	Group	
	6 months ended	
	31.12.22	31.12.21
	S\$'000	S\$'000
<b>Gains:</b>		
Research and development tax incentive	670	296
Government grants	12	12
Fair value gain of financial asset, at FVPL	73	-
<b>Expenses:</b>		
Share-based payment expense	429	963
Depreciation and amortisation expense		
- Property, plant and equipment	277	324
- Right of use assets	190	192
- Intangible assets	18	27
Inventory write-down	30	120
Currency exchange losses - net	2,284	1,201
Fair value loss of financial asset, at FVPL	-	172
Interest expense	118	104

## 8. INCOME TAXES

	Group	
	6 months ended	
	31.12.22	31.12.21
	S\$'000	S\$'000
Current income tax		
- foreign	-	1,921
Deferred tax / (benefit)	55	(1,400)
	55	521

## 9. EARNINGS PER ORDINARY SHARE

	Group	
	6 months ended	
	31.12.22	31.12.21
Net (loss)/profit attributable to equity holders of the Company (S\$'000)	(7,349)	3,662
Weighted average number of shares outstanding ('000)		
Basic	763,417	741,142
Diluted	773,287	748,519
Profit / (loss) per share (Cents per share)		
Basic	(0.96)	0.49
Diluted	(0.96)	0.49

The Company has 9,538,800 share awards under iX Performance Share Plan (iX PSP) and no share option under iX Employee Share Option Scheme (iX ESOS) (31 December 2021: 9,388,800 shares awards; 3,000,000 share options). The share awards were not included in the calculation of diluted loss per share for the six months ended 31 December 2022 because they are antidilutive and having the effect of decreasing the loss per share.

## 10. CASH AND CASH EQUIVALENTS

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalent comprise the following:

	Group	
	31.12.22	30.06.22
	S\$'000	S\$'000
Cash and cash equivalents in Balance Sheet	11,294	13,494
Less: Bank deposits pledged	(600)	(588)
Cash and cash equivalents per consolidated statement of cash flows	10,694	12,906

Bank deposits are pledged as security for credit facilities.

## 11. INTANGIBLE ASSETS

	Group	
	31.12.22	30.06.22
	S\$'000	S\$'000
<u>Composition</u>		
Goodwill arising on consolidation	295	310
Computer software	172	175
	467	485
Less: accumulated amortisation	(154)	(139)
Intangible assets, net	313	346

Amortization expense for the six months ended 31 December 2022 was S\$18,000 (2021: S\$27,000).

## 12. PROPERTY, PLANT AND EQUIPMENT

	Group	
	31.12.22	30.06.22
	S\$'000	S\$'000
Freehold land	2,599	2,731
Leasehold improvement	608	636
Building	1,761	1,849
Plant and equipment	5,836	5,884
Computer & Office Equipment	302	350
Motor vehicles	235	237
Furniture and fittings	128	125
	11,469	11,812
Less: accumulated depreciation	(4,342)	(4,314)
Property, plant and equipment, net	7,127	7,498

During the six months ended 31 December 2022, the Group acquired assets amounting to S\$271,000 (six months ended 31 December 2021: S\$66,000) and no disposal of asset.

Depreciation expense for the six months ended 31 December 2022 was S\$277,000 (2021: S\$324,000).

## 13. RIGHT OF USE ASSETS

The Group leases office space, staff accommodation, and office equipment for business operations from non-related parties.

Depreciation of right of use assets for the six months ended 31 December 2022 was S\$190,000 (2021: S\$192,000).

#### 14. DEFERRED TAX ASSET

	Group	
	6 months ended	
	31.12.22	31.12.21
	S\$'000	S\$'000
Beginning of the financial period	1,276	-
Tax credited to profit and loss	-	1,400
Movement of temporary difference	(55)	
Currency translation difference	(20)	-
End of the financial period	1,201	1,400

The deferred tax asset relates to deductible temporary differences which arose from the intra-group transfer of an intangible asset from the Company to a subsidiary in a different tax jurisdiction. The deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

#### 15. FINANCIAL ASSET, AT FVPL

	Group	
	6 months ended	
	31.12.22	31.12.21
	S\$'000	S\$'000
As at beginning of financial period	2,261	-
Addition	-	5,423
Fair value gain/(loss) recognised in profit of loss, net	73	(172)
Currency exchange loss	(151)	-
As at end of financial period	2,183	5,251

Financial asset is measured on an ongoing basis at fair value. When measuring the fair value of an asset, the Group uses observable market data as far as possible.

The listed equity security classified as non-current investment is categorised within Level 1 of the fair value hierarchy. Fair value hierarchy Level 1 refers to quoted prices (unadjusted) in active markets for identical assets. The listed equity security represents ordinary shares in a company that is traded in an active stock exchange market.

#### 16. BORROWINGS AND LEASE LIABILITIES

Unsecured loans are lease liabilities recognised under SFRS(I) 16. Secured loans are bank borrowings and secured over land and building, certain plant and equipment, motor vehicles and certain bank deposits of subsidiaries of the Group.

	31.12.22			30.06.22		
	Unsecured	Secured	Total	Unsecured	Secured	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less	53	2,964	3,017	238	3,291	3,529
Amount repayable after one year	5	704	709	-	876	876
<b>Total</b>	<b>58</b>	<b>3,668</b>	<b>3,726</b>	<b>238</b>	<b>4,167</b>	<b>4,405</b>

Reconciliation of liabilities arising from financing activities:

	Beginning of Financial Period	Non-cash changes			End of Financial Period
		Principal and interest payments	Addition during the year	Interest expense	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>31.12.2022</b>					
Bank borrowings	4,167	(420)	-	114	3,668
Lease liabilities	238	(195)	10	4	58
<b>31.12.2021</b>					
Bank borrowings	3,622	(418)	1,395	90	4,589
Lease liabilities	613	(202)	-	14	426

## 17. SHARE CAPITAL

Group & Company	6 months ended 31.12.22		6 months ended 31.12.21	
	No. of ordinary shares	Amount	No. of ordinary shares	Amount
		S\$'000		S\$'000
<b>At beginning of period</b>	751,189,934	94,178	697,353,023	83,337
<b>Shares issued pursuant to</b>				
- Rights Issue	-	-	48,814,711	9,617
- iX Performance Share Plan	1,400,000	329	5,022,200	1,224
- Private placement	13,710,000	2,726	-	-
<b>At end of period</b>	<b>766,299,934</b>	<b>97,233</b>	<b>751,189,934</b>	<b>94,178</b>

During the 6 months ended 31 December 2022,

- On 21 July 2022, the Company completed a private placement of 13,710,000 ordinary shares at a net consideration of \$2.73 million;
- On 4 November 2022, the Company granted total awards of 1,550,000 shares to certain employees and executives under iX Performance Scheme (iX PSP); and
- On 28 December 2022, the Company allotted and issued 1,400,000 shares to certain employees and executives pursuant to iX PSP.

No share or award was granted to a director or controlling shareholder (and each of their associates). Save as disclosed, there are no other changes in the Company's share capital arising from any rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous reported period.

	Number of outstanding share awards / share options	Number of Shares that may be issued upon exercise of options / release of awards
<b>As at 31 December 2022</b>		
iX Performance Share Plan	9,538,800	9,538,800
iX Employee Share Scheme	-	-
<b>As at 31 December 2021</b>		
iX Performance Share Plan	9,388,800	9,388,800
iX Employee Share Scheme	3,000,000	3,000,000

The Company did not hold any treasury shares as at 31 December 2022 and 31 December 2021.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2022 and 31 December 2021.

## 18. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31.12.22	30.06.22	31.12.22	30.06.22
Net asset value per ordinary share (in cents)	2.3	2.6	4.5	4.8

The net asset value per ordinary share of the Group and the Company as at 31 December 2022 were calculated based on the total number of issued shares of 766,299,934 (30 June 2022: 751,189,934).

There were no treasury shares as at 31 December 2022 and 30 June 2022.

## 19. RELATED PARTY TRANSACTIONS

Other than remuneration paid to key management personnel, the Group has no other significant related party transactions.

	Group	
	31.12.22	31.12.21
	S\$'000	S\$'000
<i>Key management personnel compensation:</i>		
Wages, salaries and other short-term employee benefits	1,151	1,033
Employer's contribution to defined contribution plan	19	18
Share based payment expense	352	846
	1,522	1,897

## 20. CAPITAL COMMITMENTS

Capital expenditure of \$94,000 (30.06.22: \$155,000) for property, plant and equipment were contracted for at the balance sheet date but not recognised in the financial statements.

## 21. SUBSEQUENT EVENT

There are no other known subsequent events which have led to adjustments to this set of interim financial statements.

## **B ADDITIONAL INFORMATION REQUIRED BY CATALIST RULES FOR SIX MONTHS ENDED 31 DECEMBER 2022**

1. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
  - (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### ***Overview***

WaferiX is a novel multi-drug delivery platform comprising a highly porous, amorphous and non-ionic matrix in a solid dosage form. It is designed to be administered sublingually for rapid disintegration and absorption, improving the drug's bioavailability and providing patients and users with faster therapeutic action and more predictable outcome. The Group's strategy is to leverage WaferiX for drug repurposing via US FDA 505(b)(2) regulatory pathway for new dosage form and/or to address new indications.

### ***Pharmaceuticals***

The Group has successfully out-licensed its Wafermine and Wafesil products and is focusing on expanding its pipeline by developing drugs in new therapeutic areas.

#### **Wafermine Update**

Following the out-licensing of Wafermine to Seelos Therapeutics, Inc (Seelos) in November 2021, Seelos has finalised a clinical study protocol to investigate the safety and efficacy of Wafermine for the treatment of patients with Complex Regional Pain Syndrome (CRPS). CRPS is a rare condition characterised by excessive and prolonged pain and inflammation that typically follows an injury to an arm or a leg. This is an area of high clinical unmet need with no FDA approved treatment. The study is expected to commence in 4Q FY2023.

The Group obtained Orphan Drug designation for the treatment of CRPS with ketamine from the US FDA in 2021.

Wafermine, a sublingual ketamine drug under development, has the potential to treat multiple indications such as CRPS and moderate to severe acute pain, and psychiatric conditions like major depressive disorder and post-traumatic stress disorder. Under the agreement entered into with Seelos, the Group received an upfront payment of US\$9 million (S\$12.35 million) comprising cash and shares in Seelos and is eligible for up to US\$239 million (S\$323 million) in milestone payments upon achievement by Seelos of certain development milestones and product sales thresholds. The Group will receive double digit percentage royalties on future net sales of any Licensed Product. Seelos will fund all future development, manufacturing and commercialisation of the Licensed Products.

The Group retains the exclusive rights to Wafermine in China (including Hong Kong, Macau and Taiwan) and is authorised to supply Wafermine to hospitals in Australia under Schedule 5A of the Therapeutic Goods Regulations (TGR) as an unregistered medicine.

#### **Wafesil Update**

Following the licensing of Wafesil in China to China Resources Pharmaceutical Commercial Group Co., Ltd (CRPCG) in September 2021, CRPCG is currently preparing the Chinese registration dossier for Wafesil. Upon submission of the dossier and application to National Medical Products Administration of China (NMPA), CRPCG intends to consult with the Center for Drug Evaluation (CDE) of the NMPA on the requirements for bioequivalence or other clinical studies in China. The submission of the dossier is expected to take place in 4Q FY2023.

Upon registration of Wafesil in China, the Group will manufacture and supply Wafesil to CRPCG at a mutually agreed price, and CRPCG will exclusively market and distribute the product in China. CRPCG has an extensive network of more than 50,000 hospitals and medical centers, and 97,000 pharmacies in China. The agreement further provides for CRPCG to make certain upfront and licensing fee payments to the Company prior to the commercialisation of Wafesil.

### Sublingual Dexmedetomidine

The Group has commenced the development of a novel sublingual wafer containing dexmedetomidine. Dexmedetomidine is an alpha-2 adrenergic receptor agonist and has the potential to be used to treat multiple indications including Alzheimer's disease-related agitation. Alzheimer's disease is the most common type of dementia<sup>1</sup>. In 2020, there were more than 5.8 million people in the United States with Alzheimer's disease who, in aggregate, experience over 100 million agitation episodes per year<sup>2</sup>. Patients who experience agitation may exhibit excessive uncontrollable aggression and physical, verbal or motor violence.

In 1H23, we completed DEX-001, a four-way crossover study to evaluate the pharmacokinetics, including determining the absolute bioavailability, of three different dosages of sublingual dexmedetomidine wafers when compared to intravenous administration of dexmedetomidine in 14 healthy volunteers. The results of the study are expected in 3Q FY2023. Upon successful completion of this study, the Group plans to file an IND application with the US FDA for a Phase 2 study in patients with agitation.

### Medicinal Cannabis

The Group has developed a range of sublingual medicinal cannabis products using WaferiX.

Xativa, our novel sublingual cannabidiol (CBD) wafers continues to be well received by both doctors and patients in the Australian market where it is available under prescription through the Special Access Scheme and Authorised Prescriber pathways for unapproved medicines. The number of unique prescribers has increased by 62% over the last 12 months, with Xativa now having been prescribed for over 20 different conditions. The top 5 conditions treated were chronic pain (64%), anxiety (22%), insomnia (3%), neuropathic pain (3%) and cancer pain and cancer symptom management (2%).

In September 2022, we launched Hypera, the world's first THC sublingual wafer into the Australian market. Hypera wafers come in two strengths: 5mg and 10mg and now provides patients an option to take THC in an effective and convenient wafer formulation. The introduction of THC wafers now enables us to address the majority of medicinal cannabis users in Australia who are prescribed THC either in combination with CBD or alone to treat various medical conditions like pain and sleep disorders.

In October 2022, Xativa was awarded the "Best CBD (Sublingual) Edible" at the 2022 World CBD Awards ceremony in Barcelona, Spain.

### **Nutraceuticals**

#### Entity Health

Entity nutraceuticals are sold into China through Tmall Global and JD Worldwide, cross-border e-commerce platforms. Entity products are also sold into more than 250 pharmacies and health food shops across major cities in Australia.

LumeniX, an innovative sublingual beauty supplement, is the top-selling product on our stores to the Chinese customers. Other popular products include Entity's NAD (nicotinamide adenine dinucleotide) range of products, RestoriX, MetaboliX Plus and SL-NAD+, which are designed to boost NAD+ levels in the body.

#### US Expansion

The Group has plans to expand its nutraceutical business into the United States (US) with a new wellness brand called MeltMed.

The US market represents a significant opportunity for the Group. The US dietary supplements market size was valued at USD 42.8 billion in 2019 and is expected to expand at a compound annual growth rate (CAGR) of 6.6% from 2020 to 2027<sup>3</sup>. In addition, the cannabis health market in the United States, where CBD-infused products segment holds the largest share, is valued at \$4.5 billion in 2020 and is expected to grow at a CAGR of 32.9% during the forecast period of 2021-2026<sup>4</sup>. This growth is driven by the large and growing population of sophisticated consumers who are seeking to improve their wellness, delay the effects of aging and increase

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<sup>1</sup> <https://www.cdc.gov/aging/dementia/index.html>

<sup>2</sup> <https://www.transparencymarketresearch.com/acute-agitation-and-aggression-treatment-market.html>

<sup>3</sup> *Markets and Markets, September 2020.*

<sup>4</sup> *Mordor Intelligence, May 2021.*

their healthspan. It is supported by the growing legalisation and acceptance of cannabis for medicinal and recreational uses.

MeltMed will have a range of wafers that targets specific health concerns such as sleep, relaxation and DNA repair with active ingredients including cannabidiol (CBD), glutathione, melatonin and NAD+. The current trend to consume medicinal cannabis is by vaping or smoking, which is not a healthy option. When it comes to supplementing anti-aging products, there is a growing trend for intravenous administration which is invasive, expensive and somewhat inconvenient. Our non-invasive, easy to use sublingual LumeniX (glutathione) and SL-NAD+ (NAD+) wafers offers an exciting alternative to the IV route of administration. This will be a key differentiator and competitive advantage against smoking, vaping and intravenous administration of supplement products as the Group enters the market.

In 1H23, the Group engaged a US-based branding and creative agency to assist with brand identity, positioning, packaging and website design. The Group exhibited its new brand and showcased its wafer products at MJ BizCon held in Las Vegas in November 2022, the largest cannabis conference in the world and a premier event for the cannabis industry, attracting thousands of industry professionals from all over the world. The feedback received from delegates was overwhelmingly positive. Many were impressed by MeltMed's product range which is novel, easy to use and an alternative to current routes of administration e.g. smoking, vaping or IV. We received interests from potential key industry players and partners for our range of products.

### **Review of performance for six months ended 31 December 2022 (1H23)**

<b>Revenue</b>	<b>1H23</b>	<b>1H22</b>	<b>Incr/ (Decr)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Product and services			
Specialty Pharmaceuticals	2,086	579	260%
Nutraceuticals	442	234	89%
	<u>2,528</u>	<u>813</u>	<u>211%</u>
Out-licensing	-	12,372	nm
<b>Total revenue</b>	<b>2,528</b>	<b>13,185</b>	<b>(81)%</b>

Specialty Pharmaceuticals and Nutraceuticals revenue grew by 211% in 1H23 compared to six months ended 31 December 2021 (1H22), with Specialty Pharmaceuticals revenue increasing by 260% driven by medicinal cannabis sales in Australia, and Nutraceuticals sales growing by 89% respectively.

During 1H22, we received an upfront payment from the out-licensing of Wafermine. No payments were received from the out-licensing during this half year. As a result, overall revenue decreased by 81%. The next payments will be made upon achieving certain development milestones.

<b>Gross Profit / (Loss)</b>	<b>1H23</b>	<b>1H22</b>	<b>Incr/ (Decr)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Product and service revenue	2,528	813	211%
Cost of Sales	(1,638)	(1,059)	55%
<b>Gross profit / (loss)</b> of underlying activities	890	(246)	nm
<b>Gross margin %</b>	35%	(30)%	
Out-licensing revenue	-	12,372	nm
<b>Total Gross Profit</b>	<b>890</b>	<b>12,126</b>	<b>(93)%</b>

The Group recorded a gross profit margin of 35% in 1H23 against a gross loss margin of 30% in 1H22 on product and service revenue as we start to benefit from economies of scale.

The Group's cost of sales was S\$1.64 million in 1H23, about 55% higher than 1H22 due to a 211% increase in revenue. (The cost of sales also includes the cost of manufacturing which consists of personnel, material and other fixed overheads).



### Other income — Research and Development (R&D) Incentive

The Group conducts its R&D activities through its wholly-owned subsidiaries in Australia and has been eligible for R&D tax incentive under a programme administered jointly by the Australian Taxation Office (ATO) and Innovation Australia. This incentive provides for a rebate of 43.5% on eligible R&D expenditure incurred in Australia by these subsidiaries. A higher rebate in 1H23 was accrued due to additional rebates relating to DEX-001, a clinical study of Sublingual Dexmedetomidine.

### Other gain and losses

During the period, we continued to observe volatility in currency exchange rates, particularly the Australian dollar which had been depreciating against the Singapore dollar. As a result, we recorded a net loss in currency exchange of S\$2.28 million in 1H23 compared to a net loss of S\$1.20 million in 1H22.

During 1H23, the Group remeasured a financial asset at fair-value and recognised a gain of S\$0.07 million.

### **Expenses**

The expense items in profit/(loss) before tax are analysed below:

#### R&D expense

Increased R&D expenses of S\$0.63 million in 1H23 was mainly due to DEX-001, a clinical study of Sublingual Dexmedetomidine,

#### Sales and marketing

During 1H23, sales and marketing expenses increased by S\$0.89 million due to:

- Increased marketing activities to promote nutraceuticals products in China; and
- Development and launch of a new wellness brand, MeltMed, at MJ BizCon in the US.

#### General and administrative (G&A)

Decrease in G&A expenses were mainly due to S\$1.86 million in expenses relating to out-licensing of Wafermine in 1H22, comprising legal and financial advisor fees of S\$1.11 million and share-based compensation of S\$0.75 million. Excluding these expenses in 1H22, G&A expenses were comparable in both periods.

### **Income tax expenses**

Income tax expense in 1H23 was mainly the periodic movement in the temporary differences recognised in 1H22 arising from the out-licensing of Wafermine. The expense in 1H22 arose from income earned in Republic of Ireland and withholding tax after offsetting deferred tax benefits associated with out-licensing of Wafermine.

### ***Review of operating segment results***

See above for analysis of revenue by operating segments.

The adjusted EBITDA loss of the Specialty Pharmaceutical segment in 1H23 was S\$1.95 million as compared to a profit of S\$8.80 million in 1H22. The difference was due to out-licencing of Wafermine in 1H22 offset by higher revenue earned in 1H23.

The Nutraceutical segment's adjusted EBITDA loss increased to S\$1.37 million in 1H23 from S\$0.73 million in 1H22 due to higher sales and marketing expenses in 1H23 which include the development and launch of the new MeltMed brand for the US market.

### ***Review of financial position***

Current assets of the Group decreased from S\$16.84 million to S\$14.87 million, principally in our cash and cash equivalents. The decrease was mainly due to cash used in operations of S\$4.88 million offset by net proceeds from private placement of S\$2.73 million.

Current liabilities of the Group remained comparatively similar to that at beginning of the period. Increase in trade and other payables from DEX-001 study and marketing activities were offset by decrease in borrowings and lease liabilities from repayments during the half year.

Non-current assets decreased from S\$11.67 million to S\$10.95 million mainly from S\$0.49 million in depreciation and amortisation, S\$0.51 million in foreign exchange translation differences and offset by \$0.27 million in addition of new equipment.

During 1H23, total bank borrowings decreased from S\$4.17 million to S\$3.67 million from loan repayment of S\$0.31 million and a further reduction of S\$0.19 million from currency translation difference due to weaker Australian dollar.

#### ***Review of cash flow***

The Group recorded a cash used in operations of S\$4.88 million during 1H23 (1H22: cash generated of S\$4.88 million). After the receipt of the R&D incentive rebate for FY2022 of S\$0.83 million, the Group used S\$4.05 million in net cash from operating activities in 1H23 as compared to net cash generated of S\$5.59 million in 1H22. Upfront fee from out-licensing of Wafermine contributed positively to the net cash flow of the Group's operating activities during 1H22.

As part of the upfront payment received from out-licensing of Wafermine, the Group received S\$5.42 million in quoted equity shares and reported them as part of investing activities in 1H22.

The Group received net proceeds of S\$2.73 million from a private placement during 1H23 whilst it received S\$9.62 million from a rights issue and additional bank borrowing of S\$1.40 million in the comparative period. Repayments of borrowings and lease liabilities and interest payments were comparable in both periods.

As a result, consolidated cash and cash equivalent decreased from S\$12.91 million to S\$10.69 million at the end of the period.

**2. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders for the current reporting period.

**3. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Business conditions have been highly volatile over the past 6 months and global economic recovery remains uncertain. The ongoing Ukraine-Russia war has resulted in surging energy and food prices, driving a record inflation rate and hindering economic growth and consumer confidence. The recent geopolitical tension between China and USA continues to add to the uncertainty of recovery. Although China abandoned its zero COVID policy, it is now experiencing a surge in COVID-19 cases which will likely impact the recovery of its manufacturing capacity and logistics. Due to these factors, the Group may be negatively impacted by higher raw material costs, higher logistics costs and logistical difficulties.

#### ***Proposed Spin-off of Pharmaceuticals***

With regards to the proposed spin-off, due to market conditions, we are evaluating our options. We will update the shareholders on any material developments.

**4. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the Company's auditor.

**5. Where the figures have been audited or reviewed, the auditors' report (including any qualifications modifications or emphasis of a matter).**

Not applicable.

**6. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

- a. Updates on the efforts taken to resolve each outstanding audit issue.
- b. Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

**7. If a decision regarding dividend has been made:**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividend has been declared or recommended for the current reporting period.

**(b) (i) Amount per share (cents)**

Not applicable.

**(b) (ii) Previous corresponding period (cents)**

Not applicable. No dividend was declared in 1H22.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable**

Not applicable.

**(e) Record date**

Not applicable.

**8. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended for the current reporting period as the Company will need to conserve its cash reserve for development and commercialisation of products.

**9. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate for interested person transactions.

There was no interested person transaction of S\$100,000 or more for 1H23.

**10. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the listing manual.**

The Company has procured undertakings from all its Directors and executive officers under Rule 720(1).

**11. Negative confirmation pursuant to Rule 705(5) of the listing manual.**

The Board of Directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the financial results for the half year ended 31 December 2022 to be false or misleading in any material aspect.

## 12. Change in the composition of the Group (pursuant to Rule 706A of Catalyst Rules)

During the six-month financial period ended 31 December 2022, the Group incorporated the following wholly owned subsidiary:

Name of Subsidiary	MeltMed, Inc.
Corporation Type	Private company limited by shares
Place of Incorporation	Delaware, United States of America
Shareholding	100% by iX Biopharma Europe Ltd
Initial Share Capital	US\$1.00
Principal Activities	Distribution of pharmaceutical and nutraceutical products

## 13. Use of Proceeds

### a) 2021 Rights Issue

Pursuant to the right issue of 48,814,711 shares on 26 July 2021, the Company received net proceeds of S\$9.62 million (Rights Proceeds). As at 31 December 2022, the Rights Proceeds has been utilised as follows:

	Amount allocated	Amount utilised	Balance
	S\$'000	S\$'000	S\$'000
To fund manufacturing and marketing activities for the Group's products	7,617	(3,341)	4,276
General working capital purposes	2,000	(2,000)	-
<b>Total</b>	<b>9,617</b>	<b>(5,341)</b>	<b>4,276</b>
Details of working capital used:	<b>S\$'000</b>		
Professional fees	384		
Payroll and directors' fees	1,237		
Trademark and patents	91		
Rental, office expenditure and other operating expenses	288		
<b>Total</b>	<b>2,000</b>		

The above utilisation of the Right Proceeds is in accordance with the intended use as stated in the Company's announcement dated 8 June 2021.

### b) 2022 Private Placement

Pursuant to private placement of 13,710,000 shares on 21 July 2022, the Company received net proceeds of S\$2.73 million (2022 Placement Proceeds) which are allocated in accordance with the intended use as stated in the Company's announcement dated 12 July 2022:

	Amount allocated
	S\$'000
To fund the development, manufacturing and marketing activities required to expand the Group's nutraceutical and medicinal cannabis businesses into new markets including the United States	1,641
General working capital purposes	1,085
<b>Total</b>	<b>2,726</b>

As at the date of this announcement, there is no material utilisation of the 2022 Placement Proceeds.

**On behalf of the Board of Directors**

Eddy Lee Yip Hang  
Chairman & CEO

Albert Ho Shing Tung  
Non-executive Director

10 February 2023

This announcement has been prepared by iX Biopharma Ltd. (the “Company”) and its contents have been reviewed by the Company’s Sponsor, UOB Kay Hian Private Limited (the “Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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