

**QUESTIONS AND ANSWERS PROVIDED BY IX BIOPHARMA LTD AHEAD OF THE
UPCOMING ANNUAL GENERAL MEETING TO BE HELD ON 13 OCTOBER 2023**

The Board of Directors of iX Biopharma Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s Annual Report and Notice of Annual General Meeting dated 26 September 2023.

The Company wishes to address key questions received from the Shareholders ahead of the upcoming annual general meeting to be held on 13 October 2023. The Company’s responses to those questions are set out below.

1. Given the jump in cannabis revenues in Australia, what is the Company's current manufacturing capacity and its utilisation rate? Are we able to ramp up manufacturing or is additional capex requirement needed?

As reported, our manufacturing capacity utilisation, encompassing both commercial and R&D production, has increased to approximately 70% due to the rise in sales. Our expansion plans will take into consideration capacity utilisation as well as market demand for our products.

2. What is the Company's strategy for its Cannabis wafer in Australia? Any update on its export to Brazil?

The demand for medicinal cannabis in Australia has increased significantly since legalisation. This is evident in the exceptional revenue growth of our medicinal cannabis business. In FY2023, our medicinal cannabis revenue increased by an extraordinary 340%, to reach \$4.87 million, compared to \$1.11 million in FY2022.

With an increasing number of doctors and patients embracing cannabis-based treatments, the Australian market presents immense opportunities for our business. Within three years, the number of medical prescriptions for cannabis has surged from approximately 3,000 to nearly 300,000¹. This substantial increase in prescriptions reflects a growing acceptance among both patients and doctors of the therapeutic advantages that cannabis offers, especially in the treatment of conditions like sleep disorders, pain management, and anxiety.

With the rising acceptance of medicinal cannabis, the demand for high-quality products has also surged in Australia. Our Group has demonstrated commitment to quality and innovation through the development of our sublingual cannabis wafers. Our Xativa CBD wafers have won cannabis product accolades both domestically and globally in 2021 and 2022. Our wafers offer superior convenience and efficacy, setting them apart from traditional delivery methods such as vapes and tinctures.

During the year, we introduced Hypera THC wafers to complement our existing CBD product range. Many healthcare professionals now advocate a combination of CBD and THC to treat various medical conditions effectively. By offering a comprehensive range of

¹ <https://www.pharmout.net/number-of-medicinal-cannabis-prescriptions-and-prescribers-in-australia/>

both CBD and THC products, we are well-positioned to cater to this evolving market demand.

We intend to further expand our business in Australia and are cautiously optimistic that our operations there will continue to grow, as we leverage favourable market conditions and the increasing demand for our products and services.

As for Brazil, due to regulatory challenges relating to the importation of cannabis into Brazil, supply is pending our partner's resolution of these issues. We will make announcements when there are material updates.

- 3. I see that there are also patent protected or patent pending sublingual wafer delivery technologies. These are being utilised in the Cannabis industry. Does this infringe on our patent? If not, what is the difference and which is superior? Source (<https://www.prnewswire.com/news-releases/aurora-cannabis-and-ctt-pharmaceutical-announce-launch-of-sublingual-cannabis-wafers-300933570.html>)**

The product in question is a sublingual film strip. Please note that subsequent to the PR Newswire publication cited in the question, Aurora Cannabis terminated its agreement with CTT Pharmaceutical Holdings for their cannabis dissolvable film strips in 2020.

Generally, oral dissolvable film matrices are solid, ionic, non-porous and typically crystalline in nature. This can result in slower release of active drug in the sublingual space leading to a larger proportion of active drug swallowed into the gastrointestinal tract.

On the other hand:

1. WaferiX technology produces highly porous, amorphous, non-ionic wafers that result in rapid disintegration and most importantly, rapid release of active drug for superior sublingual absorption.
2. WaferiX wafers have demonstrated superior mouth feel with no grittiness or residue observed. Oral dissolvable films often swell in the mouth creating an uncomfortable mouth feel.

- 4. I see that Meltmed has started sales of non-cannabis products on its website. What is the company strategy to introduce its Xativa and Hypera products to the US?**

For the soft launch of Meltmed, we introduced Glutathione wafers for skin health and NAD+ wafers for cellular regeneration. We plan to introduce Xativa (CBD) and CBD and melatonin products in the next phase and hope to launch them later part of the FY2024. Currently we have no plans to introduce Hypera (THC) products.

- 5. The path to commercialisation for Wafermine seems to be taking longer than expected. Is the timeline within the Company's expectations given that Seelos seems to be focusing on other products due to its own challenges?**

The out-licensing transaction was completed in November 2021, during the Covid-19 pandemic.

Following the signing of the agreement, Seelos Therapeutics Inc ("Seelos") has selected Complex Regional Pain Syndrome (CRPS) as its therapeutic focus for Wafermine. We

have been informed by Seelos that they have engaged with clinical research organisations and identified clinical sites.

We will monitor Seelos' progress and update the market on any material developments.

6. What is the revenue for Wafermine sales in Australia and are the sales registered with the Company or Seelos?

The Group supplies Wafermine in Australia under a licence from Seelos. In FY2023, the Group registered and reported \$0.14 million in Wafermine sales.

Wafermine is sold under Schedule 5A of the Therapeutic Goods Regulations (TGR), which permits a manufacturer of unregistered drugs to supply directly to hospitals and hospital pharmacies upon their request. The Therapeutic Goods Act of Australia does not permit advertising activities to be carried out.

7. Nutraceuticals FY20 = \$389k, FY21 = \$939K, FY22 = \$617k, FY23 = \$751k. Seems like we are still 20% below sales in FY21. What are the challenges in the Nutraceuticals market especially in China and what is our strategy to overcome? Are we able to put our products into an existing distribution pipe? Best world, listed on SGX, seems to be doing a roaring business in China.

Currently, our nutraceutical products can only be supplied into China via cross-border e-commerce platforms, Tmall Global and JD Worldwide, on which we exclusively distribute our products.

We started the China nutraceuticals business in April 2020, during the COVID-19 pandemic. As announced in our previous annual report, the global business environment faced extraordinary challenges during this period. FY2022 China sales was affected by sudden and widespread lockdowns in major cities, severe supply chain disruptions, persistent warehouse shutdowns and tightening regulatory requirements.

Furthermore, while the lifting of COVID-19 controls in early 2023 was a positive development, the near-term outlook for the China market is marked by challenges, including uneven consumer consumption patterns and an uncertain economic recovery.

However, despite these challenges, we delivered a 22% growth in FY2023 compared to FY2022. For the near term, we will closely monitor market dynamics, consumer sentiment and economic indicators. This will enable us to align our sales and marketing activities effectively, positioning us to capitalise on future opportunities in the market when the market conditions improve.

8. Would the Company please provide a five-year financial report summary in its annual report (as per the norm for most other listed companies), detailing key metrics like NAV, Revenue, Profit etc.?

For more information on the Group's past years' financials, please refer to our previous annual reports.

9. The Company reported yet another year of losses. When will the Company finally be profitable? What is the management and the Company doing to bring the Company to profitability?

We do not provide profit forecasts. However, we would highlight that the Group earned a positive gross profit of \$2.3 million in FY2023 reversing a gross loss of \$0.08 million in

FY2022 (excluding out-licensing revenue). The Group will continue to work towards profitability by growing sales across our Specialty Pharmaceuticals and Nutraceuticals segments and monetizing our pharmaceutical assets at the right opportunity.

- 10. The remuneration for Mr Eddy Lee increased from "750k to 1million band" to "1.25million to 1.5million band". Would the remuneration committee please justify the significant increase in remuneration for Mr Eddy Lee when the company reported yet another year of losses, have been losing money for many years and counting, and shareholders have not been paid a single cent of dividends, and the share price of iX Biopharma has dropped to a new low of 3.7 cents as of writing...? How is this sizable increase in CEO remuneration equitable and justified in the spirit of shareholder alignment?**

Please refer to the corrigenda published on SGXNet on 4 October 2023 regarding the correction to the remuneration band of the Chairman & CEO stated in the Corporate Governance Reports of 2022 and 2023. Chairman & CEO's remuneration decreased from FY2022 to FY2023.

Key Management Personnel (KMP) including the CEO remunerations are reviewed annually. To arrive at the level of compensation for KMP, the Remuneration Committee (RC) takes into account comparable companies and industry benchmarks to determine their compensation. The RC is of the view that the CEO compensation is fair, reasonable and within industry standards.

- 11. The share price of the company has fallen to a new low of 3.7 cents. It is now currently trading at 4.7 cents as of writing. This is lower than the rights and placement issue price of 20 cents and conversion price of the convertible bonds of 13.37 cents. Why have the share price of the Company dropped to a new low? Please elaborate.**

It is not our policy to comment on the reasons behind the share price as it is a function of market forces and market sentiment. However, we note that since June 2021, NASDAQ US Small Cap Biotech Index has declined 56%, SPDR Biotech ETF has declined 49% while HKEX Biotech Index has declined 66% (see Appendix 1).

We do not think that the current share price is a fair reflection of the Company's performance and prospects. As previously announced, we have a rich drug development pipeline with promising pharmaceutical assets that have immense value. Our medicinal cannabis and the new Meltmed nutraceuticals are also potential drivers of growth.

- 12. Please provide updates on the status of the HKEX spin off and listing of our pharmaceutical business. What stage are we in now? Have we lodged the prospectus with the authorities? Have we spoken with prospective investors? Please elaborate on the current status of the proposed IPO.**

In June 2021 after we announced that we were considering a spin-off, we engaged listing professionals to advise us on the HKEX Chapter 18A listing.

As shareholders may be aware, the global economy was negatively affected during the COVID-19 pandemic, and even post-pandemic, due to geopolitical instability and conflicts, inflation and volatile energy prices. To-date, the HKEX Biotech Index has dropped 66% since June 2021 (see Appendix 1). The uncertain economy and monetary tightening have led to the investment climate becoming significantly more subdued compared to June 2021.

In view of the above, the Company will continue to monitor the economic situation. It will determine its next steps when there is better visibility of financial market conditions and will update shareholders accordingly.

By Order of the Board

Gwendolin Lee Soo Fern
Company Secretary

6 October 2023

This announcement has been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

Appendix 1

Hang Seng Hong Kong-Listed Biotech Index



Nasdaq US Small Cap Biotechnology Index

2,610.34 ↓ 20.24% -662.40 5 Y

3 Oct, 17:15:59 UTC-4 · INDEXNASDAQ · Disclaimer



SPDR Biotech ETF

\$70.55

↓ 22.00%

-19.90 5 Y

Closed: 4 Oct, 04:02:20 UTC-4 · USD · NYSEARCA · Disclaimer

1 D 5 D 1 M 6 M YTD 1 Y 5 Y MAX

