

**RESPONSES TO QUESTIONS FROM
THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)**

The Board of Directors of iX Biopharma Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to certain questions from the Securities Investors Association (Singapore) in relation to the Company’s Annual Report 2023 (the “**Annual Report**”) published on 26 September 2023.

The questions and the Company’s responses are set out below.

1. Can the independent directors help shareholders better understand the perspective that the results are “exceptional”?

The directors refer to the Chairman’s Statement in the Annual Report:

Revenue, \$'000	FY23	FY22	% YoY
Specialty Pharma			
Medicinal Cannabis	4,871	1,106	340
Other Pharma Products	291	295	(2)
	5,162	1,401	268
Nutraceuticals	751	617	22
	5,913	2,018	193
Gross profit/(loss)	2,320	(82)	
% margin	39	(4)	
Adjusted EBITDA*	(4,268)	(6,744)	(37)

* reportable segments excludes out-licensing income

Excluding out-licensing income, revenue increased 193% to \$5.91 million in FY2023 from \$2.02 million in FY2022.

Medicinal cannabis revenue increased more than three-fold to \$4.87 million in FY2023 from \$1.11 million in FY2022. This was the result of a significant increase in market-wide acceptance and recognition of their quality and effective therapeutic properties.

The Nutraceuticals segment closed the year with revenue of \$0.75 million, reflecting a growth of 22% from \$0.62 million in FY2022. The Group finished FY2023 with a positive gross operating profit of \$2.32 million, reversing a gross operating loss of \$82,000 in FY2022 as manufacturing achieved economies of scale.

By maintaining a disciplined approach to cost control and tight cash management, excluding out-licensing income, we narrowed adjusted EBITDA loss by 37% to \$4.27 million in FY2023 from \$6.74 million in FY2022.

- 2. How is the company effectively managing its expenses, especially "sales and marketing," and what factors contributed to the significant increase in these expenses?**

When entering a new market or launching a new product, there is a lead time of nine to twelve months before any concrete results can be seen. Also, higher marketing expenditures are expected for new product launches.

Excluding out-licensing revenue, revenue rose 193% from \$2.02 million to \$5.91 million whereas sales and marketing expenses increased by only 53% from \$2.08 million to \$3.17 million. As a percentage of revenue (excluding out-licensing revenue), sales and marketing expenses decreased from 103% in FY2022 to 54% in FY2023.

- 3. What guidance has the board provided to management concerning the group's profitability and the generation of cash flow?**

What are the key management priorities for FY2024 concerning profitability and cash flow generation?

The Group will continue to work towards profitability and generation of cash flow by growing sales across our Specialty Pharmaceuticals and Nutraceuticals segments and monetizing our pharmaceutical assets at the right opportunity.

- 4. In FY2023, revenue from medicinal cannabis increased by 340% to reach \$4.87 million, as compared to \$1.11 million in FY2022. As noted in the operations review (page 11 of the Annual Report), the capacity utilisation has increased to approximately 70%.**

How much more growth can the current facility accommodate? Can management provide more details on the plans to expand the Group's facilities, including the required capital investment and the funding strategy?

As reported in the Annual Report, our manufacturing capacity utilisation, encompassing both commercial and R&D production, has increased to approximately 70% due to the rise in sales. As we approach full capacity, we will evaluate new capital expenditure to expand capacity.

- 5. For the benefit of shareholders, could the audit committee or the company explain why revenue related to medicinal cannabis in Australia is recognised over time, rather than as the sale of goods under the current revenue recognition framework?**

Certain revenues from medicinal cannabis are accounted for as Rendering of Service in accordance with the Group's significant accounting policy 2.2 (b) set out on page 61 of the Annual Report.

- 6. Can the company provide more details about MeltMed's US market entry strategy and explain its competitive advantage in the "highly fragmented US market"?**

Our strategy and approach to the US market are set out under "Business Strategy" section on page 17 of the Annual Report.

7. **Assuming that China Resources Pharmaceutical Group submits the registration dossier to the Center for Drug Evaluation of the National Medical Products Administration of China later this year as planned, when will the outcome be announced?**

We will announce the outcome of approval by the relevant authority as soon as we are informed.

8. **The Company announced the appointment of Mr Teo Woon Keng John as an independent director on 7 November 2022. Mr Teo Woon Keng John will cease to hold office in accordance with Regulation 84 of the Company's constitution and will be seeking his re-election as a director of the Company at the annual general meeting.**

- **Would the Board, particularly the nominating committee, elaborate further on the rationale, selection criteria, board diversity considerations and the search and nomination process, that led to the appointment of Mr Teo Woon Keng John, as required in the SGX template?**
- **As the director is seeking his re-election at the AGM, would the director help shareholders better understand how he would be able to contribute to the board's effectiveness given his background as the Group is looking to scale up and/or expand its specialty pharmaceutical and nutraceuticals operations in the key markets of Australia, China and US?**

The Company refers to the section "Criteria and Process for Nomination and Selection of New Directors (Provision 4.3)" of Corporate Governance Report on page 31 of the Annual Report, and the Board's remarks on the re-appointment on Mr Teo Woon Keng John on page 113 of the Annual Report.

Mr Teo Woon Keng John's qualifications, expertise and past experience are set out in the sections "Board of Directors" on page 23, and "Additional Information on Directors Seeking Re-election at 2023 AGM" on pages 113 to 115 of the Annual Report.

By Order of the Board

Gwendolin Lee Soo Fern

Company Secretary

12 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.

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