

# **iX Biopharma Ltd.**

(Company Registration No. 200405621W)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

# Unaudited Condensed Interim Consolidated Statement of Comprehensive Income

for six months ended 31 December 2023

	Note	Group 6 months ended		%
		31.12.23 \$'000	31.12.22 \$'000	
Revenue	5.3	2,672	2,528	6
Cost of sales		(2,081)	(1,638)	27
<b>Gross Profit</b>		<b>591</b>	<b>890</b>	(34)
Other income		329	701	(53)
Other losses	6	(2,525)	(2,211)	14
Expenses				
- Research and development		(882)	(1,816)	(51)
- Sales and marketing		(1,347)	(1,868)	(28)
- General and administrative		(1,828)	(2,872)	(36)
- Finance expense		(286)	(118)	142
Total expenses		(4,343)	(6,674)	(35)
<b>Loss before income tax</b>	7	(5,948)	(7,294)	(18)
Income tax expense	8	(1,381)	(55)	Nm
<b>Loss for the financial period</b>		<b>(7,329)</b>	<b>(7,349)</b>	
<b>Other comprehensive income:</b>				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation				
- Gain		12	1,729	(99)
<b>Total comprehensive loss</b>		<b>(7,317)</b>	<b>(5,620)</b>	30
<b>Earnings per share (EPS) attributable to equity holders of the Company (cent per share)</b>				
Basic EPS	9	(0.96)	(0.96)	
Diluted EPS	9	(0.96)	(0.96)	

nm: not meaningful

The Unaudited Consolidated Interim Statement of Comprehensive Income should be read in conjunction with the 2023 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

## Unaudited Condensed Interim Balance Sheets

### As at 31 December 2023

	Note	Group		Company	
		31.12.23	30.06.23	31.12.23	30.06.23
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	10	6,093	6,519	4,705	5,169
Trade and other receivables		2,403	3,054	24,486	23,168
Inventories		999	956	-	18
Other current assets		267	450	209	349
		<u>9,762</u>	<u>10,979</u>	<u>29,400</u>	<u>28,704</u>
<b>Non-current assets</b>					
Deposits		187	189	122	122
Intangible assets	11	302	291	-	-
Property, plant, and equipment	12	7,242	7,230	85	103
Right of use assets	13	728	988	729	988
Deferred tax asset	14	-	1,378	-	-
Financial asset – FVPL	15	88	3,873	88	3,873
Investments in subsidiaries		-	-	1,966	1,966
		<u>8,547</u>	<u>13,949</u>	<u>2,990</u>	<u>7,052</u>
<b>Total assets</b>		<u>18,309</u>	<u>24,928</u>	<u>32,390</u>	<u>35,756</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		3,133	3,159	1,953	1,718
Borrowings	16	2,646	2,751	-	2
Lease liabilities	16	449	441	444	436
Provision		105	91	-	-
Tax liabilities	17	736	733	573	573
		<u>7,069</u>	<u>7,175</u>	<u>2,970</u>	<u>2,729</u>
<b>Non-current liabilities</b>					
Convertible bonds	16	2,080	-	2,080	-
Borrowings	16	537	568	-	-
Lease liabilities	16	300	578	296	570
Tax liabilities	17	627	716	-	-
Provision.		39	39	-	-
		<u>3,583</u>	<u>1,901</u>	<u>2,376</u>	<u>570</u>
<b>Total liabilities</b>		<u>10,652</u>	<u>9,076</u>	<u>5,346</u>	<u>3,299</u>
<b>NET ASSETS</b>		<u>7,657</u>	<u>15,852</u>	<u>27,044</u>	<u>32,457</u>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	18	97,445	97,233	97,445	97,233
Other reserves		3,724	4,802	6	1,096
Accumulated losses		(93,512)	(86,183)	(70,407)	(65,872)
<b>Total equity</b>		<u>7,657</u>	<u>15,852</u>	<u>27,044</u>	<u>32,457</u>

The Unaudited Consolidated Interim Balance Sheets should be read in conjunction with the 2023 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 2023

Group	Attributable to equity holders of the Company				
	Share capital	Share based payment reserve	Currency translation reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 30 June 2023	97,233	1,096	3,706	(86,183)	15,852
Loss for the period	-	-	-	(7,329)	(7,329)
Other comprehensive gain for the period	-	-	12	-	12
Total comprehensive profit/(loss) for the period	-	-	12	(7,329)	(7,317)
Share based payment scheme					
- Value of employees' services	-	(878)	-	-	(878)
- Shares issued pursuant to iX Performance Share Plan	212	(212)	-	-	-
Total transactions with owners, recognised directly in equity	212	(1,090)	-	-	(878)
<b>Balance as at 31 December 2023</b>	<b>97,445</b>	<b>6</b>	<b>3,718</b>	<b>(93,512)</b>	<b>7,657</b>
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>

Company	Attributable to equity holders of the Company			
	Share capital	Share based payment reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance as at 30 June 2023	97,233	1,096	(65,872)	32,457
Loss for the period	-	-	(4,535)	(4,535)
Total comprehensive loss for the period	-	-	(4,535)	(4,535)
Share based payment scheme				
- Value of employees' services	-	(878)	-	(878)
- Shares issued pursuant to iX Performance Share Plan	212	(212)	-	-
Total transactions with owners, recognised directly in equity	212	(1,090)	-	(878)
<b>Balance as at 31 December 2023</b>	<b>97,445</b>	<b>6</b>	<b>(70,407)</b>	<b>27,044</b>
Balance as at 30 June 2022	94,178	568	(58,865)	35,881
Loss for the period	-	-	(4,837)	(4,837)
Total comprehensive loss for the period	-	-	(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>

The Unaudited Condensed Interim Statement of Changes in Equity should be read in conjunction with the 2023 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 2023

	Note	Group	
		6 months ended	
		31.12.23	31.12.22
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Total loss after tax		(7,329)	(7,349)
Adjustments for:			
- Depreciation and amortisation expense		430	485
- Income tax expense		1,381	55
- Interest expense		167	118
- Interest income		(19)	-
- Transaction costs on issuance of convertible bonds		119	-
- Inventory write-down		70	30
- Provision		14	5
- Research and development tax incentive		(308)	(670)
- Share based payment expense		(878)	429
- Fair value loss / (gain) of financial asset, at FVPL		2,262	(73)
- Fair value loss of convertible bonds		80	-
- Loss on disposal of financial asset, at FVPL		164	-
- Unrealised currency exchange losses– net		28	2,074
		(3,819)	(4,896)
Changes in working capital:			
- Trade and other receivables		307	(415)
- Other current assets		184	(32)
- Trade and other payables		(47)	498
- Inventories		(126)	(36)
<b>Cash used in operations</b>		(3,501)	(4,881)
Research and development tax incentive received		636	829
Interest received		19	-
Interest paid		(32)	-
Tax paid		(78)	-
<b>Net cash used in operating activities</b>		(2,956)	(4,052)
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(192)	(261)
Additions to intangible assets		(11)	-
Proceeds for disposal of financial asset, at FVPL		1,341	-
<b>Net cash generated /(used) in investing activities</b>		1,138	(261)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of convertible bonds, net		1,881	-
Proceeds from borrowings		146	-
Proceeds from issuance of ordinary shares		-	2,726
Increase in fixed deposits pledged		-	(40)
Repayment of borrowings		(288)	(306)
Principal payment of lease liabilities		(219)	(190)
Interest paid		(135)	(118)
<b>Net cash from financing activities</b>		1,385	2,072
<b>Net decrease in cash and cash equivalents</b>		(433)	(2,241)
<b>Cash and cash equivalents</b>			
Beginning of financial period		5,927	12,906
Effects of currency translation on cash and cash equivalents		5	29
End of financial period	10	5,499	10,694

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The Unaudited Condensed Interim Consolidated Statement of Cash Flows should be read in conjunction with the 2023 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

## 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 20 Collyer Quay #11-07 Singapore 049319. The address of its principal place of business is 1 Kim Seng Promenade, #14-01 Great World City East Tower, 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 2023 (2023 Audited Financial Statements).

The 2023 Audited Financial Statements were prepared under Singapore Financial Reporting Standards (International) (SFRS(I)).

### b) Material accounting policies

Except as disclosed below, accounting policies and presentation adopted for this unaudited consolidated interim financial report are consistent with those adopted for the 2023 Audited Financial Statements:

#### - Convertible Bonds

At initial recognition, the Group measures convertible bonds at their fair value. As the instruments contain an embedded derivative, it has been designated at fair value through profit or loss on initial recognition and as such the embedded conversion feature is not separated. Convertible bonds are subsequently recognised at fair value through profit or loss until the convertible bonds are extinguished on conversion or upon redemption. Fair value changes related to market risk and interest expense are recognised in profit or loss in the period in which it arises and presented in “Other Gains or Losses”. The component of fair value changes relating to the Company’s own credit risk is recognised in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to recycled in profit or loss but are transferred to retained earnings when realised. When the conversion option is exercised, the convertible bonds’ carrying amount is transferred to the share capital. When the conversion option lapses, the convertible bonds are derecognised when the obligations are discharged, cancelled, or expired. The difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Transaction costs related to convertible bonds are expensed in profit or loss.

### 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 2023. 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.



## 5.2 Geographical segments

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

	Group	
	6 months ended	
	31.12.23	31.12.22
	\$000	\$000
<b>Net sales</b>		
Australia	2,364	2,019
China	262	354
Singapore	44	60
United States of America	2	95
	2,672	2,528
	<b>31.12.23</b>	<b>31.12.22</b>
	<b>\$000</b>	<b>\$000</b>
<b>Non-current assets</b>		
Australia	7,457	7,314
Singapore	936	182
Hong Kong	66	65
	8,459	7,561

## 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 31.12.23			6 months ended 31.12.22		
	At a point in time	Over time	Total	At a point in time	Over time	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Sale of goods:						
- Specialty Pharmaceuticals	490	-	490	325	-	325
- Nutraceuticals	317	-	317	442	-	442
	807	-	807	767	-	767
Development and manufacturing services	-	1,865	1,865	-	1,761	1,761
<b>Total</b>	807	1,865	2,672	767	1,761	2,528

## 6. OTHER LOSSES

	Group	
	6 months ended	
	31.12.23	31.12.22
	\$'000	\$'000
Currency exchange losses - net	(19)	(2,284)
Fair value (loss)/gain of financial asset, at FVPL	(2,262)	73
Loss on disposal of financial asset, at FVPL	(164)	-
Fair value gain/(loss) on convertible bonds	(80)	-
	(2,525)	(2,211)



## 7. LOSS BEFORE TAX

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	
	31.12.23	31.12.22
	\$'000	\$'000
<b>Gains:</b>		
Research and development tax incentive	308	670
Government grants	-	31
Fair value gain of financial asset, at FVPL	-	73
Interest income	19	-
<b>Expenses &amp; Losses:</b>		
Share-based payment expense		
- Current period expense	87	429
- Change in fair value of share awards	(965)	-
Depreciation and amortisation expense		
- Property, plant and equipment	203	277
- Right of use assets	227	190
- Intangible assets	-	18
Inventory write-down	70	30
Currency exchange losses - net	19	2,284
Fair value losses of		
- financial asset, at FVPL	2,262	-
- convertible bonds	80	-
Loss on disposal of financial asset, at FVPL	164	-
Interest expense	167	118
Transaction costs on issuance of convertible bonds	119	-

## 8. INCOME TAXES

	Group	
	6 months ended	
	31.12.23	31.12.22
	\$'000	\$'000
Current income tax		
- foreign	3	-
Deferred tax	-	55
Impairment of deferred tax asset	1,378	-
	1,381	55

## 9. EARNINGS PER ORDINARY SHARE

	Group	
	6 months ended	
	31.12.23	31.12.22
Net loss attributable to equity holders of the Company (\$'000)	(7,329)	(7,349)
Weighted average number of shares outstanding ('000)		
Basic	766,410	763,417
Diluted	766,410	763,417
Loss per share (Cents per share)		
Basic	(0.96)	(0.96)
Diluted	(0.96)	(0.96)

The Company has 9,563,800 share awards under iX Performance Share Plan (iX PSP) and up to 14,958,863 shares under convertible bonds (31 December 2022: 9,538,800 shares awards). These shares were not included in the calculation of diluted loss per share for the six months ended 31 December 2023 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	
	31.12.23	30.06.23
	\$'000	\$'000
Cash and cash equivalents in Balance Sheet	6,093	6,519
Less: Bank deposits pledged	(594)	(592)
Cash and cash equivalents per consolidated statement of cash flows	5,499	5,927

Bank deposits are pledged as security for credit facilities.

## 11. INTANGIBLE ASSETS

	Group	
	31.12.23	30.06.23
	\$'000	\$'000
Goodwill arising on consolidation	291	291
Computer software	181	170
	472	461
Less: accumulated amortisation	(170)	(170)
Intangible assets, net	302	291

During the six months ended 31 December 2023, the Group acquired computer software amounting to \$11,000 (2022: \$ Nil).

Amortisation expense for the six months ended 31 December 2023 was \$Nil (2022: \$18,000).

## 12. PROPERTY, PLANT AND EQUIPMENT

	Group	
	31.12.23	30.06.23
	\$'000	\$'000
Freehold land	2,571	2,562
Building	1,995	1,736
Leasehold improvement	689	743
Plant and equipment	6,195	6,002
Computer & Office Equipment	358	345
Motor vehicles	235	235
Furniture and fittings	133	127
	12,176	11,750
Less: accumulated depreciation	(4,934)	(4,520)
Property, plant and equipment, net	7,242	7,230

During the six months ended 31 December 2023, the Group acquired assets amounting to \$192,000 (2022: \$271,000) and no disposal of asset.

Depreciation expense for the six months ended 31 December 2023 was \$203,000 (2022: \$277,000).

## 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 2023 was \$227,000 (2022: \$190,000).

#### 14. DEFERRED TAX ASSET

	Group	
	31.12.23	31.12.22
	\$'000	\$'000
Beginning of the financial period	1,378	1,276
Tax credited / (charged) to profit and loss	-	(55)
Impairment	(1,378)	-
Currency translation difference	-	(20)
End of the financial period	-	1,201

The deferred tax asset relates to deductible temporary differences which arose from unutilised tax losses and 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.

During the period, the Group served Seelos Therapeutic, Inc (Seelos) a notice to terminate the Wafermine licensing agreement entered into in November 2021 (Terminating Notice). Consequently, the Group re-assessed the potential future taxable profit available to offset against the deductible temporary differences. After considering certain assumptions, including but not limited to the absence of future licensing agreements with third parties following the termination, this reassessment led to the write down of the carrying amount of deferred tax asset.

#### 15. FINANCIAL ASSET, AT FVPL

	Group	
	31.12.23	30.06.23
	\$'000	\$'000
<i>Non-current</i>		
Listed securities:		
- Equity securities – US	88	3,873

  

	Group	
	31.12.23	31.12.22
	\$'000	\$'000
As at beginning of financial period	3,873	2,261
Disposal	(1,505)	-
Fair value (loss)/gain recognised in profit and loss, net	(2,262)	73
Currency exchange loss	(18)	(151)
As at end of financial period	88	2,183

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

	Group	
	31.12.23	30.06.23
	\$'000	\$'000
<i>Current</i>		
Bank borrowings	2,646	2,751
Lease liabilities	449	441
	3,095	3,192
<i>Non-current</i>		
Convertible bonds	2,080	-
Bank borrowings	537	568
Lease liabilities	300	578
	2,917	1,146
Total borrowings	<b>6,012</b>	<b>4,338</b>

### a) Convertible bonds

On 24 July 2023, the Company issued convertible bonds with coupon rate of 9% per annum (9% Convertible Bonds) denominated in Singapore Dollar with an aggregated nominal value of \$2 million to an independent party. The bonds are due for repayment two years from the issue date at their nominal value of \$2 million or may be converted into shares of the Company at the option of the holder at \$0.1337 per share (Conversion Price). The Conversion Price is subject to adjustment upon occurrence of certain events set out in the terms and conditions of the bonds. The holder may convert the bonds, in whole or in part, at any time on or after 23 August 2023 up to 23 June 2025. Any unconverted bonds will be redeemed by the Company at its principal amount on 24 July 2025.

The transaction costs in relation to the issuance of the convertible bonds amounted to \$119,000 and were recognised as finance expenses during the period.

The convertible bonds are valued using binomial tree simulation model. The following assumptions were used in determining the fair value of convertible bonds as at 31 December 2023:

	31.12.23
Risk-free interest rate	3.48%
Volatility	65.57%
Dividend yield	0%
Contractual term (years)	1.56
Share price (cents)	4.5

The Company measures the Convertible Bonds at fair value based on significant inputs not observable in the market, which causes them to be classified as a Level 3 measurement within the fair value hierarchy. These valuations use assumptions and estimates the Company believes would be made by a market participant in making the same valuation. The Company assesses these assumptions and estimates on an on-going basis as additional data impacting the assumptions and estimates are obtained.

- b) Unsecured loans include lease liabilities recognised under SFRS(I) 16 and convertible bonds. 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.

	Group	
	31.12.23	30.06.23
	\$'000	\$'000
<i>Unsecured</i>		
Amount repayable in one year or less	449	441
Amount repayable after one year	2,380	578
	2,829	1,019
<i>Secured</i>		
Amount repayable in one year or less	2,646	2,751
Amount repayable after one year	537	568
	3,183	3,319
<b>Total Borrowings</b>	<b>6,012</b>	<b>4,338</b>

c) Reconciliation of liabilities arising from financing activities:

	Beginning of financial period	Proceeds from borrowings	Principal and interest payments	Non-cash changes				End of financial period
				Addition/ modification during the period	Interest expense	Foreign exchange movement	Fair value changes	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>31.12.2023</b>								
Convertible bonds	-	2,000	-	-	-	-	80	2,080
Bank borrowings	3,319	146	(400)	-	112	6	-	3,183
Lease liabilities	1,019	-	(242)	(51)	23	-	-	749
<b>31.12.2022</b>								
Bank borrowings	4,167	-	(420)	-	114	(193)	-	3,668
Lease liabilities	238	-	(195)	10	4	1	-	58

**17. TAX LIABILITIES**

	Group	
	31.12.23	30.06.23
	S\$'000	S\$'000
Corporate tax	790	876
Withholding tax	573	573
	<u>1,363</u>	<u>1,449</u>
<i>Current</i>	736	733
<i>Non-current</i>	627	716
	<u>1,363</u>	<u>1,449</u>

A foreign subsidiary agreed with a relevant tax authority on its corporate tax liability for the year ended 30 June 2022 and entered into a 5-year phased payment arrangement bearing interest at 6.3% per annum, with effect from 1 May 2023.

**18. SHARE CAPITAL**

Group & Company	6 months ended 31.12.23		6 months ended 31.12.22	
	No. of ordinary shares	Amount	No. of ordinary shares	Amount
		\$'000		\$'000
<b>At beginning of period</b>	766,299,934	97,233	751,189,934	94,178
<b>Shares issued pursuant to</b>				
- iX Performance Share Plan	2,017,422	212	1,400,000	329
- Private placement	-	-	13,710,000	2,726
<b>At end of period</b>	<b>768,317,356</b>	<b>97,445</b>	<b>766,299,934</b>	<b>97,233</b>

During the 6 months ended 31 December 2023,

- On 24 July 2023, the Company issued 9% Convertible Bonds denominated in Singapore Dollars with an aggregated nominal value of \$2 million (Note 16a). As at 31 December 2023 and at the current prevailing Conversion Price of \$0.1337, up to 14,958,863 ordinary shares of the Company may be issued upon conversion;
- On 1 December 2023, the Company granted total awards of 2,042,422 shares to certain employees and executives under iX Performance Scheme (iX PSP); and
- On 22 December 2023, the Company allotted and issued 2,017,422 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 / convertible bonds	Number of Shares that may be issued upon exercise of options / release of awards / conversion of bonds
<b>As at 31 December 2023</b>		
Convertible bonds	20	14,958,863
iX Performance Share Plan	9,563,800	9,563,800
<b>As at 31 December 2022</b>		
iX Performance Share Plan	9,538,800	9,538,800

The Company did not hold any treasury shares as at 31 December 2023 and 31 December 2022.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2023 and 31 December 2022.

## 19. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31.12.23	30.06.23	31.12.23	30.06.23
Net asset value per ordinary share (in cents)	1.0	2.1	3.5	4.2

The net asset value per ordinary share of the Group and the Company as at 31 December 2023 were calculated based on the total number of issued shares of 768,317,356 (30 June 2023: 766,299,934).

## 20. RELATED PARTY TRANSACTIONS

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

	Group	
	6 months ended	
	31.12.23	31.12.22
	\$'000	\$'000
<i>Key management personnel compensation:</i>		
Wages, salaries and other short-term employee benefits	1,094	1,151
Employer's contribution to defined contribution plan	13	19
Share based payment expense		
- Services cost during the period	41	352
- Fair value changes due to termination of Wafermine licensing agreement (a)	(965)	-
	183	1,522

- a. During the period, the Group served the Terminating Notice to Seelos. Accordingly, the Group reviewed and revised the probability of certain performance conditions stipulated in certain share awards granted. The Group recognised the resulted reduction in the fair value of these share awards via consolidated income statement during the period.

## 21. CAPITAL COMMITMENTS

Capital expenditure of \$Nil (30.06.23: \$22,000) for property, plant and equipment were contracted for at the balance sheet date but not recognised in the financial statements.

## **22. SUBSEQUENT EVENT**

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

## A ADDITIONAL INFORMATION REQUIRED BY CATALIST RULES FOR SIX MONTHS ENDED 31 DECEMBER 2023

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**

The Company continuously looks at creating new value through expanding its development pipeline and leveraging its platform technologies to capture new opportunities in emerging and fast-growing therapeutic areas.

For details of our technologies and current development programs, please refer to our 2023 Annual Report.

### ***Our drug delivery platforms***

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.

We have extended the potential of WaferiX by modifying the matrix technology to create a new platform named WaferlogiX that is ideally suited for the delivery of biologic drugs (e.g. therapeutic proteins and peptides, vaccines, and cytokines). The potential of WaferlogiX lies in its ability to harness biologics for the treatment of serious medical conditions such as cancer, autoimmune conditions, and infectious diseases – by stimulating specific parts of the immune system.

### **Pharmaceuticals**

#### Wafermine Update

Pursuant to an out-licensing agreement of Wafermine entered into with Seelos Therapeutics, Inc (Seelos) in November 2021, parties had agreed to certain development milestones relating to Wafermine and other R&S ketamine products. We are of the view that these milestones have not been met to our satisfaction. On 17 November 2023, the Company issued a notice of termination to Seelos to commence the process of obtaining a return of the licenses granted to Seelos. The Company will make further announcements if there are any material developments.

#### Wafesil Update

Following the licensing of Wafesil in the People's Republic of China (PRC) 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.

#### iXB 120

We have completed DEX-001, a four-way crossover study to evaluate the pharmacokinetics, including determining the absolute bioavailability, of three different dosages of iXB 120 wafers when compared to intravenous administration of dexmedetomidine in 14 healthy volunteers. The results of DEX-001 demonstrated that the dexmedetomidine wafers had high bioavailability, fast absorption and dose proportionality across the dosing range with potential for faster onset of action. It was safe and well tolerated, with no serious adverse events observed.

The Group plans to file an Investigational New Drug (IND) application with the US FDA to conduct a Phase 2 study in patients with dementia-related agitation.



### iXB 321

iXB 321 incorporates an existing influenza vaccine into our novel wafer for sublingual delivery. The aim is to not only provide protective immunity against the virus but also reduce viral spread between persons.

To date, in-vitro laboratory testing by single radial immunodiffusion testing has demonstrated the wafer vaccine retains full antigen potency. The product is now ready to undergo animal efficacy testing to evaluate the vaccine wafer's ability to generate an immune response in vivo.

### iXB 322

iXB 322 is a novel, low-dose interferon sublingual wafer being developed for the prevention and treatment of respiratory viral illnesses, such as COVID-19, influenza, and RSV.

It utilises our WaferlogiX biologics platform delivery technology to effectively deliver low dose interferon to the oral mucosa to stimulate a beneficial immune response. This approach avoids unwanted side effects associated with high dose administration, is non-invasive and avoids the problems with oral delivery of proteins due to the highly acidic and enzymatic environment of the GI tract.

The Company plans to engage with the US FDA on designing the clinical development program required to obtain pharmaceutical registration.

### Medicinal Cannabis

The Group supplies a range of sublingual medicinal cannabis products and provides contract manufacturing services for the industry. Xativa and Hypera, our novel sublingual cannabidiol (CBD) and tetrahydrocannabinol (THC) wafers, are available under prescription through the Special Access Scheme and Authorised Prescriber pathways for unapproved medicines. Many healthcare professionals now advocate a combination of CBD and THC to treat various medical conditions more effectively. By offering a comprehensive range of both CBD and THC products, our business is well-positioned to cater to this evolving market demand.

### **Nutraceuticals**

#### Entity Health

Entity nutraceuticals are mainly sold into the PRC through Tmall Global and JD Worldwide, cross-border e-commerce platforms. LumeniX, an innovative sublingual beauty supplement, is the top-selling product on our stores. In 1H24, we made proactive adjustments to reduce our marketing spend in view of the uncertainties to economic recovery in the PRC. This prudent approach allows us to navigate uncertainties while maintaining our commitment to the world's largest consumer market. While consumer sentiment in the PRC is currently cautious, we remain confident in the potential of this market. We are closely monitoring consumer behaviour and trends for the right moment to re-engage.

#### US Expansion

The Group is planning to expand its nutraceutical business into the United States (US) through the introduction of a new wellness brand named MeltMed. By incorporating the WaferiX technology, MeltMed is positioned to establish itself as a leading provider of innovative, premium, and superior nutraceutical products.

As of 2Q24, MeltMed has made its NAD+ and glutathione wafers available for purchase on its official website, [www.meltmed.com](http://www.meltmed.com). Recognizing the importance of establishing a robust foundation for sustainable future growth during the initial phase, our focus is on soliciting consumer feedback, actively exploring diverse market access channels, and formulating effective marketing strategies across both online and offline platforms. This comprehensive market learning initiative aims to generate data-driven insights, which will inform and refine future marketing activations, ensuring the sustained and targeted growth of MeltMed in the US market.

**Review of performance for six months ended 31 December 2023 (1H24, 2023:1H23)**

<b>Revenue</b>	<b>1H24</b>	<b>1H23</b>	<b>Incr/ (Decr)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Product and services			
Specialty Pharmaceuticals	2,355	2,086	13%
Nutraceuticals	317	442	(28)%
<b>Total revenue</b>	<b>2,672</b>	<b>2,528</b>	<b>6%</b>

Total revenue grew by 6% in 1H24 compared to 1H23. Specialty Pharmaceuticals revenue increased by 13%, driven by stronger sales of medicinal cannabis products, particularly of Hypera THC wafers, and services in Australia. This was offset by a 28% decrease in Nutraceuticals revenue primarily due to weaker consumer spending and uncertain market recovery in the PRC.

<b>Gross Profit / (Loss)</b>	<b>1H24</b>	<b>1H23</b>	<b>Incr/ (Decr)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Product and service revenue	2,672	2,528	6%
Cost of Sales	(2,081)	(1,638)	27%
<b>Gross Profit</b>	<b>591</b>	<b>890</b>	<b>(34)%</b>
<b>Gross margin %</b>	<b>22%</b>	<b>35%</b>	

The Group recorded a gross profit margin of 22% in 1H24 against a gross profit margin of 35% in 1H23 on product and service revenue.

The Group's cost of sales was \$2.08 million in 1H24, about 27% higher than 1H23 mainly due to increase in labour and insurance costs. 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 due to additional rebates relating to DEX-001, a clinical study of Sublingual Dexmedetomidine.

Other losses

Despite volatility in currency exchange rates during 1H24, Australian dollar against the Singapore Dollar closed approximately at the same level as at the beginning of the period. As a result, there was a small net loss in currency exchange of \$0.02 million in 1H24 compared to a net loss of \$2.28 million in 1H23.

During this period, the Group partially disposed a financial asset at a loss of \$0.16 million for net proceeds of \$1.34 million; remeasured the balance of a financial asset on hand (shares in Seelos) at fair-value and recognised a loss of \$2.26 million.

We also recognised \$0.08 million fair value loss on convertible bonds issued on 24 July 2023.

## **Expenses**

The expense items in loss before tax are analysed below:

### R&D expense

Decreased R&D expenses of \$0.93 million in 1H24 was mainly due to DEX-001 conducted in 1H23; no clinical study was conducted in 1H24.

### Sales and marketing

During 1H24, sales and marketing expenses decreased by \$0.52 million, driven by:

- reduced marketing activities in the PRC due to weaker consumer spending and an uncertain economic recovery.
- lower marketing expenses in the US compared to 1H23, which saw greater investment in brand development and participation in MJ Bizcon conference.

### General and administrative (G&A)

Decrease in G&A expenses of \$1.04 million was mainly due to the write-back of \$0.97 million in share-based compensation. During the period, the Group served the Terminating Notice to Seelos, which necessitated a review of the probability of achieving performance conditions associated with certain previously granted share awards. As a result, the fair value of those share awards was reduced and the difference was taken into profit and loss.

### Finance

Finance expense during 1H24 increased by \$0.17 million mainly due to \$0.12 million transaction costs relating to the issuance of convertible bonds. The remaining increase was due to higher lease liabilities and higher loan interest rates.

## **Income tax expenses**

Income tax expense in 1H24 was mainly due to impairment of the deferred tax asset arising from intra-group licensing of Wafermine. After serving the Terminating Notice to Seelos, the Group has re-assessed the potential future taxable profit available to offset against the deductible temporary differences. After considering certain assumptions, including but not limited to the absence of future licensing agreements with third parties following the termination, this reassessment has led to the impairment of the deferred tax asset.

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

See above for analysis of revenue by operating segments.

The adjusted EBITDA loss of the Specialty Pharmaceutical segment decreased to \$1.23 million in 1H24 from \$1.95 million in 1H23. The decrease was mainly due to the Group not conducting any clinical studies in 1H24.

The Nutraceutical segment's adjusted EBITDA loss decreased to \$0.99 million in 1H24 from \$1.37 million in 1H23 due to lower sales and marketing expenses in China and US.

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

Current assets of the Group decreased from \$10.98 million to \$9.76 million, principally in our cash and cash equivalent and trade and other receivables. The decrease was mainly due to net decrease in cash of \$0.43 million and receipt of \$0.64 million in R&D rebates during the period.

Non-current assets decreased from \$13.95 million to \$8.55 million mainly from \$3.79 million decrease in financial asset from partial disposal and fair value change; \$1.38 million impairment of deferred tax asset; and \$0.26 million decrease in right of use assets from depreciation.

Total borrowings increased from \$4.34 million to \$6.01 million mainly from issuance of \$2 million 9% convertible bonds and \$0.15 million in new bank borrowing and leases offset by principal repayments of \$0.51 million.

### **Review of cash flow**

The Group used \$1.38 million less cash in operations during 1H24 as compared to 1H23 due to reduced R&D expenditure and scaled down marketing activities. The Group used \$2.96 million in net cash from operating activities in 1H24 after taking into account \$0.64 million R&D incentive rebate (1H23: \$0.83 million) as compared to \$4.05 million in 1H23.

The Group disposed a portion of the Seelos shares previously received as part of Wafermine licensing agreement in November 2021 and received net proceeds of \$1.34 million.

The Group received net proceeds of \$1.88 million from the issuance of convertible bonds and additional bank borrowing of \$0.15 million during 1H24, compared to \$2.73 million received from a private placement in 1H23. Repayments of borrowings and lease liabilities and interest payments were comparable in both periods.

As a result, consolidated cash and cash equivalent decreased from \$5.93 million to \$5.50 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 volatile over the past 12 months and global economic recovery remains uncertain, driven by factors such as military conflicts in Ukraine and Middle East, rising inflation, and tightened monetary policy by central banks. Inflation and high interest rates remain major concerns in Australia and US. In Australia, rising mortgage rates have prompted households to curtail spending. Meanwhile, economic growth in the PRC appears to have decelerated. Domestic factors, including problems with the real estate market, continue to weigh on consumer confidence. Due to these factors, the Group may be negatively impacted by reduced demand there for our products and services, higher raw material costs, higher logistics costs and logistical challenges.

Despite the headwinds, the Company is equipped to navigate the challenges. We continuously look at creating new value through expanding the Company's development pipeline and leveraging our platform technologies to swiftly capture new opportunities in emerging and fast-growing therapeutic areas.

**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 1H23.
  - (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 \$100,000 or more for 1H24.
- 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 2023 to be false or misleading in any material aspect.
- 12. Change in the composition of the Group (pursuant to Rule 706A of Catalyst Rules)**  
None

### 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 \$9.62 million (Rights Proceeds). As at 31 December 2023, the Rights Proceeds has been fully utilised as follows:

	Amount allocated	Amount utilised	Balance
	\$'000	\$'000	\$'000
To fund manufacturing and marketing activities for the Group's products	7,617	(7,617)	-
General working capital purposes	2,000	(2,000)	-
<b>Total</b>	<b>9,617</b>	<b>(9,617)</b>	<b>-</b>
Details of working capital used:	<b>\$'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) 9% Convertible Bonds

Pursuant to an issuance of \$2,000,000 convertible bonds with a coupon rate of 9% per annum on 24 July 2023, the Company received net proceeds of S\$1.88 million (9% Convertible Bond Proceeds). As at 31 December 2023, the 9% Convertible Bond Proceeds has been utilised as follows:

	Amount allocated	Amount utilised	Balance
	\$'000	\$'000	\$'000
Support the Group's marketing activities and facilitate the expansion of markets	1,250	(672)	578
General working capital purposes	631	(200)	431
<b>Total</b>	<b>1,881</b>	<b>(872)</b>	<b>1,009</b>
Details of working capital used:	<b>\$'000</b>		
Professional fees	84		
Payroll and directors' fees	116		
<b>Total</b>	<b>200</b>		

The above utilisation of the 9% Convertible Bond Proceeds is in accordance with the intended use as stated in the Company's announcement dated 3 July 2023.

**On behalf of the Board of Directors**

Eddy Lee Yip Hang  
Chairman & CEO

Albert Ho Shing Tung  
Non-executive Director

5 February 2024

This announcement has been reviewed by the Company's Sponsor, UOB Kay Hian Private Limited (the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST 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.