

# **iX Biopharma Ltd.**

(Company Registration No. 200405621W)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS AND  
FULL YEAR ENDED 30 JUNE 2022**

# Unaudited Condensed Interim Consolidated Statement of Comprehensive Income

for six months and full year ended 30 June 2022

	Note	Group			Group		
		6 months ended		%	12 months ended		%
		30.06.22 S\$'000	30.06. 21 S\$'000		30.06.22 S\$'000	30.06. 21 S\$'000	
Revenue	5.3	1,205	915	32	14,390	1,745	725
Cost of sales		(1,041)	(1,140)	(9)	(2,100)	(2,127)	(1)
<b>Gross Profit / (Loss)</b>		<b>164</b>	<b>(225)</b>	nm	<b>12,290</b>	<b>(382)</b>	nm
Other income		445	651	(32)	772	1,575	(51)
Other gains and (losses)	6	(3,797)	(359)	958	(5,170)	1,795	nm
Expenses							
- Research and development		(1,145)	(1,456)	(21)	(2,332)	(2,747)	(15)
- Sales and marketing		(1,092)	(1,154)	(5)	(2,075)	(2,249)	(8)
- General and administrative		(2,759)	(2,786)	(1)	(7,382)	(6,051)	22
- Finance expense		(98)	(92)	7	(202)	(174)	16
Total expenses		(5,094)	(5,488)	(7)	(11,991)	(11,221)	7
<b>Loss before income tax</b>	7	(8,282)	(5,421)	53	(4,099)	(8,233)	(50)
Income tax expense	8	22	-	nm	(499)	(1)	nm
<b>Loss for the financial period</b>		<b>(8,260)</b>	<b>(5,421)</b>	52	<b>(4,598)</b>	<b>(8,234)</b>	<b>(44)</b>
<b>Other comprehensive income:</b>							
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences arising from consolidation							
- Gain/(loss)		785	274	186	1,633	(1,400)	nm
<b>Total comprehensive loss</b>		<b>(7,475)</b>	<b>(5,147)</b>	45	<b>(2,965)</b>	<b>(9,634)</b>	<b>(69)</b>
<b>Loss per share attributable to equity holders of the Company (cent per share)</b>							
Basic	9	(1.10)	(0.77)		(0.62)	(1.19)	
Diluted	9	(1.10)	(0.77)		(0.62)	(1.19)	

nm: not meaningful

The Unaudited Consolidated Interim Statement of Comprehensive Income should be read in conjunction with the 2021 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

## Unaudited Condensed Interim Balance Sheets

As at 30 June 2022

	Note	Group		Company	
		30.06.22	30.06.21	30.06.22	30.06.21
		S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	10	13,494	6,205	8,638	5,173
Trade and other receivables		1,981	1,816	24,749	19,105
Inventories		906	1,103	19	21
Other current assets		462	227	371	183
		<u>16,843</u>	<u>9,351</u>	<u>33,777</u>	<u>24,482</u>
<b>Non-current assets</b>					
Deposits		67	148	-	83
Intangible assets	11	346	413	36	72
Property, plant and equipment	12	7,495	8,338	128	166
Right of use assets	13	229	607	229	594
Deferred tax asset	14	1,276	-	-	-
Financial asset – FVPL	15	2,261	-	2,261	-
Investments in subsidiaries		-	-	1,966	1,966
		<u>11,674</u>	<u>9,506</u>	<u>4,620</u>	<u>2,881</u>
<b>Total assets</b>		<u>28,517</u>	<u>18,857</u>	<u>38,397</u>	<u>27,363</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		2,491	2,808	1,676	1,740
Borrowings	16	3,291	421	27	25
Lease liabilities	16	238	375	238	361
Provision		76	63	-	-
Current income tax liabilities		1,759	-	573	-
		<u>7,855</u>	<u>3,667</u>	<u>2,514</u>	<u>2,126</u>
<b>Non-current liabilities</b>					
Borrowings	16	876	3,201	2	30
Lease liabilities	16	-	238	-	238
Provision		42	40	-	-
		<u>918</u>	<u>3,479</u>	<u>2</u>	<u>268</u>
<b>Total liabilities</b>		<u>8,773</u>	<u>7,146</u>	<u>2,516</u>	<u>2,394</u>
<b>NET ASSETS</b>		<u>19,744</u>	<u>11,711</u>	<u>35,881</u>	<u>24,969</u>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	17	94,178	83,337	94,178	83,337
Other reserves		2,134	344	568	411
Accumulated losses		(76,568)	(71,970)	(58,865)	(58,779)
<b>Total equity</b>		<u>19,744</u>	<u>11,711</u>	<u>35,881</u>	<u>24,969</u>

The Unaudited Consolidated Interim Balance Sheets should be read in conjunction with the 2021 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

## Unaudited Condensed Interim Statements of Changes in Equity for full year ended 30 June 2022

Group	Attributable to equity holders of the Company				
	Share capital	Share based payment reserve	Currency translation reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 30 June 2021</b>	<b>83,337</b>	<b>411</b>	<b>(67)</b>	<b>(71,970)</b>	<b>11,711</b>
Loss for the period	-	-	-	(4,598)	(4,598)
Other comprehensive gain for the period	-	-	1,633	-	1,633
Total comprehensive loss for the period	-	-	1,633	(4,598)	(2,965)
Share based payment scheme					
- Value of employees' services	-	1,381	-	-	1,381
- Shares issued pursuant to iX Performance Share Plan	1,224	(1,224)	-	-	-
Shares issued pursuant to right issues, net of transaction cost	9,617	-	-	-	9,617
Total transactions with owners, recognised directly in equity	10,841	157	-	-	10,998
<b>Balance as at 30 June 2022</b>	<b>94,178</b>	<b>568</b>	<b>1,566</b>	<b>(76,568)</b>	<b>19,744</b>
<b>Balance as at 30 June 2020</b>	<b>72,251</b>	<b>320</b>	<b>1,333</b>	<b>(63,736)</b>	<b>10,168</b>
Loss for the period	-	-	-	(8,234)	(8,234)
Other comprehensive loss for the period	-	-	(1,400)	-	(1,400)
Total comprehensive loss for the period	-	-	(1,400)	(8,234)	(9,634)
Share based payment scheme					
- Value of employees' services	-	997	-	-	997
- Shares issued pursuant to iX Performance Share Plan	906	(906)	-	-	-
Shares issued pursuant to private placement, net of transaction cost	10,180	-	-	-	10,180
Total transactions with owners, recognised directly in equity	11,086	91	-	-	11,177
<b>Balance as at 30 June 2021</b>	<b>83,337</b>	<b>411</b>	<b>(67)</b>	<b>(71,970)</b>	<b>11,711</b>

  

Company	Attributable to equity holders of the Company			
	Share capital	Share based payment reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 30 June 2021</b>	<b>83,337</b>	<b>411</b>	<b>(58,779)</b>	<b>24,969</b>
Loss for the period	-	-	(86)	(86)
Total comprehensive loss for the period	-	-	(86)	(86)
Share based payment scheme				
- Value of employees' services	-	1,381	-	1,381
- Shares issued pursuant to iX Performance Share Plan	1,224	(1,224)	-	-
Shares issued pursuant to right issues, net of transaction cost	9,617	-	-	9,617
Total transactions with owners, recognised directly in equity	10,841	157	-	10,998
<b>Balance as at 30 June 2022</b>	<b>94,178</b>	<b>568</b>	<b>(58,865)</b>	<b>35,881</b>
<b>Balance as at 30 June 2020</b>	<b>72,251</b>	<b>320</b>	<b>(52,484)</b>	<b>20,087</b>
Loss for the period	-	-	(6,295)	(6,295)
Total comprehensive loss for the period	-	-	(6,295)	(6,295)
Share based payment scheme				
- Value of employees' services	-	997	-	997
- Shares issued pursuant to iX Performance Share Plan	906	(906)	-	-
Shares issued pursuant to private placement, net of transaction cost	10,180	-	-	10,180
Total transactions with owners, recognised directly in equity	11,086	91	-	11,177
<b>Balance as at 30 June 2021</b>	<b>83,337</b>	<b>411</b>	<b>(58,779)</b>	<b>24,969</b>

The Unaudited Condensed Interim Statement of Changes in Equity should be read in conjunction with the 2021 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

# Unaudited Condensed Interim Consolidated Statement of Cash Flows

for full year ended 30 June 2022

	Note	Group	
		12 months ended 30.06.22	30.06.21
		S\$'000	S\$'000
<b>Cash flows from operating activities</b>			
Total loss after tax		(4,598)	(8,234)
Adjustments for:			
- Depreciation and amortisation expense		1,060	1,054
- Income tax expense		499	1
- Interest income		-	(7)
- Interest expense		202	174
- Inventory write-down		189	175
- Provision		21	27
- Disposal of property, plant and equipment		-	(4)
- Research and development tax incentive		(699)	(1,230)
- Share based payment expense		1,381	997
- Fair value loss of financial asset, at FVPL		3,259	-
- Unrealised currency exchange losses/(gains) – net		1,801	(1,708)
		<u>3,115</u>	<u>(8,755)</u>
Changes in working capital:			
- Trade and other receivables		(233)	18
- Other current assets		(155)	73
- Trade and other payables		(266)	(71)
- Inventories		(44)	(348)
		<u>2,417</u>	<u>(9,083)</u>
<b>Cash provided by/(used in) operations</b>			
Interest received		-	7
Research and development tax incentive received		706	725
Income tax paid		-	(1)
		<u>3,123</u>	<u>(8,352)</u>
<b>Net cash provided by/(used in) operating activities</b>			
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(200)	(553)
Additions to financial assets, at FVPL		(5,423)	-
Disposal of property, plant and equipment		-	46
		<u>(5,623)</u>	<u>(507)</u>
<b>Net cash used in investing activities</b>			
<b>Cash flows from financing activities</b>			
Decrease in fixed deposits pledged		-	622
Proceeds from issuance of ordinary shares		9,617	10,180
Proceeds from borrowings		1,395	-
Repayment of borrowings		(646)	(226)
Principal payment of lease liabilities		(375)	(378)
Interest paid		(202)	(174)
		<u>9,789</u>	<u>10,024</u>
<b>Net cash provided by financing activities</b>			
<b>Net increase in cash and cash equivalents</b>		<u>7,289</u>	<u>1,165</u>
<b>Cash and cash equivalents</b>			
Beginning of financial period		5,585	4,470
Effects of currency translation on cash and cash equivalents		32	(50)
End of financial period	10	<u>12,906</u>	<u>5,585</u>

The Unaudited Condensed Interim Consolidated Statement of Cash Flows should be read in conjunction with the 2021 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 AND FULL YEAR ENDED 30 JUNE 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 The Octagon, Singapore 069534. 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 2021 (2021 Audited Financial Statements).

The 2021 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 2021 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 2021. 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 included those that applied to the consolidated financial statements as at and for the year ended 30 June 2021 and the following:

- **Deferred Tax Asset**

Significant judgement is required to determine the amount of the deferred tax asset that can be recognised to the extent that is probable that future taxable profit will be available against which the temporary difference can be utilised. This involves judgement regarding the future financial performance of the particular legal entity for which the deferred tax asset has been recognised. Details of the deferred tax asset of the Group are disclosed in Note 14.

### **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 30.06.22			12 months ended 30.06.22		
	Specialty Pharmaceuticals	Nutraceuticals	Total	Specialty Pharmaceuticals	Nutraceuticals	Total
	S\$000	S\$000	S\$000	S\$000	S\$000	S\$000
<b>Total segment sales</b>	899	383	1,282	13,919	617	14,536
Less:						
Inter-segment sales	(77)	-	(77)	(146)	-	(146)
<b>Sales to external parties</b>	822	383	1,205	13,773	617	14,390
Adjusted EBITDA	(1,713)	(724)	(2,437)	7,083	(1,455)	5,628
Depreciation	292	-	292	604	-	604
Amortisation	4	-	4	13	-	13
	6 months ended 30.06.21			12 months ended 30.06.21		
	Specialty Pharmaceuticals	Nutraceuticals	Total	Specialty Pharmaceuticals	Nutraceuticals	Total
	S\$000	S\$000	S\$000	S\$000	S\$000	S\$000
<b>Total segment sales</b>	573	451	1,024	1,119	939	2,058
Less:						
Inter-segment sales	(109)	-	(109)	(313)	-	(313)
<b>Sales to external parties</b>	464	451	915	806	939	1,745
Adjusted EBITDA	(2,254)	(747)	(3,001)	(4,045)	(1,433)	(5,478)
Depreciation	292	-	292	594	-	594
Amortisation	9	-	9	17	-	17
	Group		Group			
	6 months ended		12 months ended			
	30.06.22	30.06.21	30.06.22	30.06.21		
	S\$000	S\$000	S\$000	S\$000		
<b>Adjusted EBITDA</b> is reconciled to loss before income tax as follows:						
Reportable segments	(2,437)	(3,001)	5,628	(5,478)		
Unallocated corporate expenses	(1,418)	(1,646)	(2,613)	(3,562)		
	(3,855)	(4,647)	3,015	(9,040)		
Research and development tax incentive	403	611	699	1,230		
Depreciation	(495)	(496)	(1,011)	(1,001)		
Amortisation	(22)	(27)	(49)	(53)		
Currency exchange (losses) / gains - net	(710)	(359)	(1,911)	1,795		
Share based payment expense	(418)	(413)	(1,381)	(997)		
Finance expense	(98)	(92)	(202)	(174)		
Interest income	-	2	-	7		
Fair value adjustment	(3,087)	-	(3,259)	-		
<b>Loss before income tax</b>	(8,282)	(5,421)	(4,099)	(8,233)		





#### 5.4 Breakdown of the Group's net sales & operating Loss after tax

	Group		Group		%
	12 months ended		12 months ended		
	30.06.22	30.06.21	30.06.22	30.06.21	
	S\$'000		S\$'000		
<b>Net sales</b>					
- First half year	13,185		830		nm
- Second half year	1,205		915		32
<b>Operating profit / (loss) after tax</b>					
- First half year	3,662		(2,813)		nm
- Second half year	(8,260)		(5,421)		52

#### 6. OTHER GAINS AND LOSSES

	Group		Group	
	6 months ended		12 months ended	
	30.06.22	30.06.21	30.06.22	30.06.21
	S\$'000		S\$'000	
Currency exchange (losses) / gains – net	(710)	(359)	(1,911)	1,795
Fair value loss of financial asset, at FVPL(Note 14)	(3,087)	-	(3,259)	-
	(3,797)	(359)	(5,170)	1,795

#### 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		Group	
	6 months ended		12 months ended	
	30.06.22	30.06.21	30.06.22	30.06.21
	S\$'000		S\$'000	
<b>Gains:</b>				
Research and development tax incentive	403	611	699	1,230
Interest income	-	2	-	7
Government grants	28	37	40	120
Rental income	-	-	-	169
Currency exchange gains – net	-	-	-	1,795
<b>Expenses:</b>				
Share-based payment expense	418	413	1,381	997
Depreciation and amortisation expense				
- Property, plant and equipment	309	304	633	619
- Right of use assets	186	192	378	382
- Intangible assets	22	27	49	53
Inventory write-down	69	175	189	175
Currency exchange losses – net	710	359	1,911	-
Fair value loss of financial asset, at FVPL	3,087	-	3,259	-
Interest expense	98	92	202	174

#### 8. INCOME TAXES

	Group		Group	
	6 months ended		12 months ended	
	30.06.22	30.06.21	30.06.22	30.06.21
	S\$'000		S\$'000	
Current income tax				
- foreign	(78)	-	1,843	1
Deferred tax / (benefit)	56	-	(1,344)	-
	(22)	-	499	1

## 9. EARNINGS PER ORDINARY SHARE

	Group		Group	
	6 months ended		12 months ended	
	30.06.22	30.06.21	30.06.22	30.06.21
Net earnings / (loss) attributable to equity holders of the Company (S\$'000)	(8,260)	(5,421)	(4,598)	(8,234)
Weighted average number of shares outstanding ('000)				
- Basic	751,189	702,929 *	746,125	693,411 *
- Diluted	751,189	702,929 *	746,125	693,411 *
Loss per shares (Cents per share)				
- Basic	(1.10)	(0.77)	(0.62)	(1.19)
- Diluted	(1.10)	(0.77)	(0.62)	(1.19)

\* The weighted average number of shares have been restated to reflect the effect of bonus element pursuant to the rights issue.

The Company has 9,388,800 share awards under iX Performance Share Plan (iX PSP) (2021: 2,350,000 shares awards). The share awards were not included in the calculation of diluted loss per share above because they are anti-dilutive for the periods presented 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	
	30.06.22	30.06.21
	S\$'000	S\$'000
Cash and cash equivalents in Balance Sheet	13,494	6,205
Less: Bank deposits pledged	(588)	(620)
Cash and cash equivalents per consolidated statement of cash flows	12,906	5,585

Bank deposits are pledged as security for credit facilities.

## 11. INTANGIBLE ASSETS

	Group	
	30.06.22	30.06.21
	S\$'000	S\$'000
<u>Composition</u>		
Goodwill arising on consolidation	310	327
Computer software	175	179
	485	506
Less: accumulated amortisation	(139)	(93)
Intangible assets, net	346	413

During the years ended 30 June 2022 and 2021, the Group did not acquire any computer software.

Amortization expense for the six and twelve months ended 30 June 2022 was S\$22,000 and S\$49,000, respectively (2021: S\$27,000; S\$53,000).

## 12. PROPERTY, PLANT AND EQUIPMENT

	Group	
	30.06.22	30.06.21
	S\$'000	S\$'000
Freehold land	2,731	2,882
Leasehold improvement	636	249
Building	1,849	1,965
Plant and equipment	5,884	6,423
Computer & Office Equipment	288	281
Motor vehicles	237	238
Furniture and fittings	125	123
	11,750	12,161
Less: accumulated depreciation	(4,255)	(3,823)
Property, plant and equipment, net	7,495	8,338

During the year ended 30 June 2022, the Group acquired assets amounting to S\$200,000 (2021: S\$553,000) and did not disposed of any asset (net asset value disposed 2021: S\$40,000)

Depreciation expense for the six and twelve months ended 30 June 2022 was S\$309,000 and S\$633,000, respectively (2021: S\$304,000; S\$620,000).

### **Impairment tests**

As the Group is still undergoing clinical trials for most of its pharmaceutical products and has not commenced large scale manufacturing and sale of these products, it has incurred operating losses since its commencement of research and development activities. As such, management has conducted an impairment testing for goodwill, intangible assets, property, plant and equipment (PPE) and right-of-use assets.

Specialty Pharmaceuticals segment and Nutraceuticals segment are identified to be the cash-generating units (CGU) of the Group.

No impairment review was performed for the Nutraceuticals CGU; this is on the basis that there is no goodwill, intangible assets or significant PPE allocated to the CGU, since the nature of its business is the distribution of nutraceutical products that are contract manufactured by the Specialty Pharmaceuticals CGU.

### Freehold land and building

For freehold land and building, management compared its net book value against the market prices of comparable properties in the vicinity of the same location to ascertain whether there had been any impairment indicator.

The impairment review carried out as at 30 June 2022 has revealed that the recoverable amount of freehold land and building is higher than the carrying amount. There is no indication of impairment.

### Goodwill, intangible assets and other PPE and right-of-use assets

Critical assumptions used for the value-in-use calculations for Specialty Pharmaceuticals CGU:

- Discount rate of 14% (2021: 14%)
- Terminal growth rate of 2% (2021: 2%)
- Annual revenue growth rates of above 100% for FY 2023 to FY 2024, between 18% to 34% for FY 2025 to FY 2029, and between 3% to 4% for FY 2030 to FY 2032 (2021: Annual revenue growth rates of above 100% for FY 2022 to FY 2025, between 26% to 51% for FY 2026 to FY 2027, and between 4% to 15% for FY 2028 to FY 2031)

Management determined the terminal growth rate based on the long-term average growth rates in the industry and its expectations of future market developments. The discount rate used was a pre-tax rate and reflected specific risks relevant to the segment. The annual revenue growth rate was determined based on management's forecast of the projected number of patients who will use the products and the respective products selling price.

The impairment review carried out as at 30 June 2022 revealed that the recoverable amount of the Specialty Pharmaceuticals CGU is higher than the carrying amount. No impairment loss is recognised during the financial year. As at 30 June 2022, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amount to be below the carrying amount of the Specialty Pharmaceuticals CGU.

For Specialty Pharmaceuticals CGU, the recoverable amount was determined based on fair value less costs of disposal for freehold land and building and based on value-in-use for goodwill, intangible assets, other PPE and right-of-use assets. The cash flow forecast was based on expected revenue growth over a 10-year period. Management determined that a 10-year forecast is appropriate as key products of this business segment,

which are still undergoing clinical trials and further development, will require more than 5 years to reach a steady state of sales.

### 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 and the year ended 30 June 2022 was S\$186,000 and S\$378,000 (2021: S\$192,000, S\$382,000).

### 14. DEFERRED TAX ASSET

	Group	
	30.06.22	30.06.21
	S\$'000	S\$'000
Beginning of the financial year	-	-
Tax credited to profit and loss	1,344	-
Currency translation difference	(68)	-
End of the financial year	1,276	-

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 – FVPL

	Group	
	30.06.22	30.06.21
	S\$'000	S\$'000
Beginning of the financial year	-	-
Addition	5,423	-
Fair value loss (Note 6)	(3,259)	-
Exchange gain	97	-
End of the financial year	2,261	-
<i>Non-current</i>		
Listed security:		
- Equity security – US	2,261	-

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.

	30.06.22			30.06.21		
	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	238	3,291	3,529	375	421	796
Amount repayable after one year	-	876	876	238	3,201	3,439
<b>Total</b>	<b>238</b>	<b>4,167</b>	<b>4,405</b>	<b>613</b>	<b>3,622</b>	<b>4,235</b>

Reconciliation of liabilities arising from financing activities:

	Beginning of Financial Year	Principal and interest payments	Non-cash changes			End of Financial Year
			Addition during the year	Interest expense	Foreign exchange movement	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>2022</b>						
Bank borrowings	3,622	(825)	1,395	179	(204)	4,167
Lease liabilities	613	(398)	-	23	-	238
<b>2021</b>						
Bank borrowings	3,654	(375)	-	149	194	3,622
Lease liabilities	264	(402)	726	25	-	613

## 17. SHARE CAPITAL

Group & Company	6 months ended 30.06.22		12 months ended 30.06.22	
	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	-	-	5,022,200	1,224
<b>At end of period</b>	<b>751,189,934</b>	<b>94,178</b>	<b>751,189,934</b>	<b>94,178</b>
Group & Company	6 months ended 30.06.21		12 months ended 30.06.21	
	No. of ordinary shares	Amount	No. of ordinary shares	Amount
		S\$'000		S\$'000
<b>At beginning of period</b>	696,853,023	83,220	648,894,390	72,251
<b>Shares issued pursuant to</b>				
- Private placement	-	-	44,491,299	10,180
- iX Performance Share Plan	500,000	117	3,967,334	906
<b>At end of period</b>	<b>697,353,023</b>	<b>83,337</b>	<b>697,353,023</b>	<b>83,337</b>

During the year ended 30 June 2022,

- On 16 July 2021, the Company granted an option under iX Employee Share Option Scheme (iX ESOS) to an executive of the Company to purchase 3,000,000 ordinary shares of the Company at an exercise price of \$0.235 per share commencing after the 2<sup>nd</sup> anniversary of the grant until the 5<sup>th</sup> anniversary of the grant. At the end of current financial year, these share options were forfeited due to the resignation of the executive;

- On 26 July 2021, the Company allotted and issued 48,814,711 new ordinary shares (Rights Shares) at the issue price of S\$0.20 per Rights Share in connection with a rights issue exercise for a net consideration of \$9.62 million;
- On 19 November 2021, the Company granted total awards of 12,261,000 shares, to certain employees, executives and directors under iX PSP, comprising:
  - 1,400,000 share awards that will be vested in full on the date falling 12 months from the date of awards; and
  - 10,861,000 share awards that are subject to certain Performance Conditions.

Performance Conditions	LYH Award Shares	Other Awards Shares	Total
Upon the Company successfully executing an agreement in relation to the licensing of Wafermine before 30 June 2022	1,192,200	1,680,000	2,872,200
Upon the satisfaction of pre-determined performance milestones within a specified period	4,768,800	3,220,000	7,988,800
<b>Total</b>	<b>5,961,000</b>	<b>4,900,000</b>	<b>10,861,000</b>

Included in these 10,861,000 share awards were 6,261,000 share awards that were granted to the following Directors including a controlling shareholder:

Director	Award
Mr Eddy Lee Yip Hang	5,961,000 Shares (the "LYH Award")
Mr Albert Ho Shing Tung	300,000 Shares
<b>Total</b>	<b>6,261,000 Shares</b>

Mr Eddy Lee Yip Hang is the Chairman & CEO and a controlling shareholder of the Company. The LYH Award to Mr Eddy Lee Yip Hang was approved by independent shareholders of the Company at the annual general meeting convened on 15 October 2021.

and

- On 3 December 2021, the Company allotted and issued 5,022,200 shares to certain employees, executives and directors pursuant to iX PSP. Included in the shares issued were 1,492,200 shares that were issued to the following Directors and a controlling shareholder:

Director	Shares Issued
Mr Eddy Lee Yip Hang	1,192,200 shares (the "LYH Award")
Mr Albert Ho Shing Tung	300,000 shares
<b>Total</b>	<b>1,492,200 shares</b>

Save as disclosed, there are

- no share, award or option granted to a director or controlling shareholder (and each of their associates).
- 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 30 June 2022</b>		
iX Performance Share Plan	9,388,800	9,388,800
<b>As at 30 June 2021</b>		
iX Performance Share Plan	2,350,000	2,350,000

The Company did not hold any treasury shares as at 30 June 2022 and 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 30 June 2021.

## 18. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30.06.22	30.06.21	30.06.22	30.06.21
Net asset value per ordinary share (in cents)	2.6	1.7	4.8	3.6

The net asset value per ordinary share of the Group and the Company as at 30 June 2022 were calculated based on the total number of issued shares of 751,189,934 (30 June 2021: 697,353,023).

There were no treasury shares as at 30 June 2022 and 30 June 2021.

## 19. RELATED PARTY TRANSACTIONS

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

	Group		Group	
	6 months ended		12 months ended	
	30.06.22	30.06.21	30.06.22	30.06.21
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Key management personnel compensation:</i>				
Wages, salaries and other short-term employee benefits	1,184	1,105	2,317	2,142
Employer's contribution to defined contribution plan	18	15	36	26
Share based payment expense	317	256	1,209	622
	1,519	1,376	3,562	2,790

## 20. CAPITAL COMMITMENTS

Capital expenditure of \$155,000 (2021: \$57,000) for plant and equipment were contracted for at the balance sheet date but not recognised in the financial statements.

## 21. SUBSEQUENT EVENT

On 21 July 2022, the Company completed a private placement of 13,710,000 ordinary shares to an independent party for a total net proceeds of \$2.71 million announced on 12 July 2022.

The total number of shares after the placement is 764,899,934.

## **B ADDITIONAL INFORMATION REQUIRED BY CATALIST RULES FOR SIX MONTHS AND YEAR ENDED 30 JUNE 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 sublingual dosage form that improves bioavailability of active ingredients, providing patients and users with rapid absorption, faster therapeutic action and predictable outcome. The Group leverages WaferiX in the development of its pharmaceutical and nutraceutical products. The Group's strategy is to use WaferiX to repurpose drugs, where already approved active pharmaceutical ingredients are developed into drugs with a sublingual new dosage form and/or to address new indications.

The Group has identified certain conditions and actives that have the potential to benefit from WaferiX. In addition to pain and erectile dysfunction, its pipeline includes products in therapeutic areas such as central nervous system (CNS) and psychiatry.

### ***Pharmaceuticals***

#### *Wafermine*

Wafermine is a sublingual ketamine drug under development which has the potential to treat multiple indications such as moderate to severe acute pain, Complex Regional Pain Syndrome (CRPS) and psychiatric conditions like, major depressive disorder and post-traumatic stress disorder.

In November 2021, the Company, through its wholly-owned subsidiary iX Biopharma Europe Limited, entered into an exclusive license agreement with Seelos Therapeutics, Inc (Seelos) (Nasdaq: SEEL), a company focused on developing novel therapeutics for central nervous system and rare disorders. Under the agreement, the Group licensed to Seelos its lead drug under development, Wafermine, and other products incorporating R- and S- enantiomers of ketamine utilising the WaferiX technology (the Licensed Products).

The Group received an upfront payment of US\$9 million (S\$12.35 million) comprising:

- (a) US\$4,673,728 in cash; and
- (b) US\$4,326,272 in Seelos shares.

The Group is also 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.

Under the terms of the agreement, Seelos will have exclusive worldwide rights for Wafermine except China (including Hong Kong, Macau and Taiwan), and worldwide rights to products incorporating R- and S- enantiomers of ketamine developed using WaferiX. The Group will retain exclusive rights to Wafermine in China (including Hong Kong, Macau and Taiwan).

Following the licensing of Wafermine, its sublingual racemic ketamine wafer, Seelos has applied to the Food and Drug Administration (US FDA) for the transfer of Wafermine's Investigational New Drug Application (IND) from the Company to itself. A clinical trial to investigate the safety and efficacy of Wafermine for the treatment of patients with CRPS is in the advanced planning stage. Seelos is currently finalising the study's protocol synopsis and has started exploring feasibility with clinical research organisations and sites. Seelos is targeting final site identification in 1Q FY2023 and patient enrolment beginning in 2Q FY2023.

Wafermine was supplied to hospitals in Australia under Schedule 5A of the Therapeutic Goods Regulations (TGR) as an unregistered medicine prior to the out-licensing agreement with Seelos. Following the out-licensing, the Group ceased the supply of Wafermine in Australia. In early January 2022, Seelos authorised the resumption of supply of Wafermine by the Group in Australia under Schedule 5A of TGR.



### Wafesil

Wafesil is a sublingual sildenafil drug for the treatment of male erectile dysfunction. Wafesil is a registered medicine in Australia in the Australian Register of Therapeutic Goods.

In September 2021, the Group entered into an agreement for the licensing supply and distribution of Wafesil in China with China Resources Pharmaceutical Commercial Group Co., Ltd (CRPCG).

Under the terms of the Licensing Agreement, CRPCG will be responsible for obtaining the marketing authorisation for Wafesil from the relevant authorities in China. Upon registration, the Company will manufacture and supply Wafesil to CRPCG at a mutually agreed price, and CRPCG will exclusively market and distribute the product 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.

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), it 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 3Q FY2023. Upon approval, CRPCG will distribute Wafesil across its extensive network of more than 50,000 hospitals and medical centers, and 97,000 pharmacies in China.

### Sublingual Dexmedetomidine

The Group is developing a novel sublingual wafer containing dexmedetomidine. The drug has the potential to be used to treat multiple indications including Alzheimer's disease-related agitation.

Formulation work on the product has been completed. A Phase 1 human study is expected to commence recruiting in 1Q FY2023.

### 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 60% over the last 12 months, with Xativa now having been prescribed for over 20 different conditions.

In April, we launched a higher strength Xativa 50mg wafer into the market to address those patients requiring higher daily doses of CBD.

## **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) products, RestoriX and MetaboliX Plus, which are designed to boost NAD+ levels in the body. In 2Q FY2022, Entity launched SL-NAD+, a sublingual wafer containing pure and intact NAD+, to target the premium market.

**Review of performance for six months and year ended 30 June 2022 (2H22; FY2022)**

Revenue	2H22	2H21	Incr/ (Decr)	FY2022	FY2021	Incr/ (Decr)
	S\$'000	S\$'000		S\$'000	S\$'000	%
Product and services						
Specialty Pharmaceuticals	822	464	77%	1,401	806	74%
Nutraceuticals	383	451	(15)%	617	939	(34)%
	1,205	915	32%	2,018	1,745	16%
Out-licensing	-	-	-	12,372	-	nm
<b>Total revenue</b>	<b>1,205</b>	<b>915</b>	<b>32%</b>	<b>14,390</b>	<b>1,745</b>	<b>nm</b>

Total revenue of the Group in FY2022 grew by more than 7 times over FY2021, driven by the out-licensing of Wafermine. Excluding the upfront licensing income, the Group grew its revenue from its underlying activities by 16% to S\$2.02 million from S\$1.75 million recorded in the prior year ended 30 June 2021 (FY2021).

Specialty Pharmaceuticals increased by 77% and 74% in 2H22 and FY2022 respectively, mainly contributed by medicinal cannabis product sales and services.

Nutraceuticals declined 15% and 34% in 2H22 and FY2022 respectively. This was due to supply chain and logistics disruptions in Australia and China as a result of COVID-19. Intermittent lockdowns and borders closure further aggravated the disruptions in supply chain that led to customer hesitancy for online orders. In the last quarter of FY2022, the Group's Nutraceutical sales accounted for more than 44% of the sales in the year. This was due to an improvement in consumer sentiment following the gradual easing of lockdowns in major cities in China.

Gross Profit / (Loss)	2H22	2H21	Incr/ (Decr)	FY2022	FY2021	Incr/ (Decr)
	S\$'000	S\$'000		S\$'000	S\$'000	%
Product and service revenue	1,205	915	32%	2,018	1,745	16%
Cost of Sales	(1,041)	(1,140)	(9)%	(2,100)	(2,127)	(1)%
<b>Gross profit / (loss)</b> of underlying activities	164	(225)	nm	(82)	(382)	(79)%
<b>Gross margin %</b>	14%	(25)%		(4)%	(22)%	
Out-licensing revenue	--	-	-	12,372	-	nm
<b>Total Gross Profit / (Loss)</b>	<b>164</b>	<b>(225)</b>	<b>nm</b>	<b>12,290</b>	<b>(382)</b>	<b>nm</b>

Due to the increased revenue from the underlying activities, the Group recorded a gross profit of 14% in 2H22 and near to break even in FY2022 as compared to gross loss of 22% to 25% during the prior comparative periods. After including out-licensing revenue, the Group recorded an overall gross profit of S\$12.29 million for FY2022 as compared to a gross loss of S\$0.38 million in FY2021.

The Group's cost of sales was S\$1.04 million in 2H22, about 9% lower than 2H21, but cost of sales for FY2022 was comparable to FY2021. (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 FY2021 was due to recognition of additional rebates relating to FY2019 that was only finalised with ATO in FY2021.

Other gain and losses

Over the last two years, we observed volatility in currency exchange rates, particularly in the Australian dollar. The Australian dollar appreciated against the Singapore dollar from June 2020 to May 2021 and has been depreciating against the Singapore dollar since. As a result, we recorded net losses in currency exchange of

S\$0.71 million and S\$1.91 million in 2H22 and FY2022 (2H21: net loss of S\$0.36 million; FY2021: net gain of S\$1.80 million).

During 1H22, the Group received quoted equity shares in Seelos in partial satisfaction of the US\$9 million upfront fee under the Wafermine out-licensing agreement and recognised them as a financial asset fair-valued through profit or loss (FVPL). Based on the prevailing market price and US dollar exchange rate as at 30 June 2022, the Group recognised a fair value loss of S\$3.09 million and S\$3.26 million in 2H22 and FY2022.

## **Expenses**

The expense items in loss before tax are analysed below:

### R&D expense

During the periods, R&D activities were focused on new product development for pharmaceutical, medicinal cannabis and nutraceutical products.

### Sales and marketing

In the last quarter of FY2022, we stepped up sales and marketing activities following the gradual easing of lockdowns of the major cities in China. Overall expenses for FY2022 were lower than that of FY2021 due to reduced marketing activities during 1H22.

### General and administrative (G&A)

G&A expenses of 2H22 were comparable to that of 2H21. Higher G&A expenses in FY2022 were mainly due to S\$1.86 million in expenses relating to out-licensing of Wafermine:

- One-off expense of S\$0.92 million (legal and financial advisor fees and share-based compensation); and
- S\$0.94 million (financial advisor fees and other expenses).

Excluding these expenses, G&A expenses of FY2022 would have been lower by S\$0.53 million as compared to FY2021.

## **Income tax expenses**

Income tax expense was solely arising from income earned in Republic of Ireland and withholding tax after offset by 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 of the Specialty Pharmaceutical segment in 2H22 and FY2022 was a loss of S\$1.71 million and a gain of S\$7.08 million as compared to losses of S\$2.25 million and S\$4.05 million in 2H21 and FY2021. The improvement was due to higher revenues from product and services and out-licensing of Wafermine during the current periods.

The Nutraceutical segment's adjusted EBITDA losses of S\$0.72 million and S\$1.46 million in 2H22 and FY2022 were comparable to S\$0.75 million and S\$1.43 million in 2H21 and FY2021. Despite decreases in revenue, the loss for the year was moderated by lower sales and marketing expenses, particularly during 1H22.

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

Current assets of the Group increased to S\$16.84 million from S\$9.35 million, principally in our cash and cash equivalents and receivables. These increases were mainly due to a) net proceeds of S\$9.62 million received from rights issue of 48.81 million shares in July 2021 and b) receipt of US\$4.67 million in cash from out-licensing of Wafermine. This was offset by cash outflow from operating activities. Receivables of the Company increased mainly due to Wafermine upfront licensing fee receivable from a subsidiary and advances to other subsidiaries.

Current liabilities of the Group increased to S\$7.86 million from S\$3.67 million. The increase was mainly due provision for income and withholding taxes associated with income from out-licensing of Wafermine; and reclassification of a property loan due for repayment at end of June 2023 as current liability. The Group will be negotiating with the lender to extend the repayment period in the coming financial year.

Non-current assets increased to S\$11.67 million from S\$9.51 million mainly from the receipt of equity shares and a deferred tax asset, both relating to the out-licensing of Wafermine.

During FY2022, total bank borrowings increased from S\$3.62 million to S\$4.17 million as we drew down additional long-term borrowing of S\$1.40 million and repaid S\$0.65 million.

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

Following the receipt of the upfront licensing fee for Wafermine, the Group recorded a net cash generated from operations of S\$2.42 million during FY2022 (FY2021: net cash used of S\$9.08 million). After the receipt of the R&D incentive rebate of S\$0.71 million, the Group generated S\$3.12 million in net cash from operating activities in FY2022 as compared to net cash used of S\$8.35 million in FY2021.

As part of the up-front licensing fee received from out-licensing of Wafermine, the Group received S\$5.42 million in quoted equity shares and is reporting them as part of investing activities.

The Group received net proceeds of S\$9.62 million from the rights issue and additional bank borrowing of S\$1.40 million in July 2021. This was offset by repayments of borrowings, lease liabilities and interest totalling S\$1.22 million. Comparatively, during FY2021, the Group received net proceeds of S\$10.18 million from a private placement and a pledged fixed deposit of \$0.62 million was released by our bank.

As a result, consolidated cash and cash equivalent increased from S\$5.59 million to S\$12.91 million at the end of the financial year.

**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.**

In the next 12 months, it is expected that business conditions will be highly volatile and global economic recovery will remain uncertain. The ongoing Ukraine-Russia war has led to surging energy and food prices, driving a record inflation rate and weighing on economic growth and consumer confidence. Recent geopolitical tension between China and USA may add to the uncertainty of recovery. In addition, China's zero COVID policy has had profound impact on global supply chains. Due to the large-scale lockdown of major cities, there has been a severe decline in China's manufacturing capacity, logistics and human mobility, as well as loss of business and consumer confidence in the China market. The possibility of the resurgence of COVID-19 may lead to further disruptions. 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***

On 12 June 2021, the Company announced that it is exploring the possibility of a spin-off of its pharmaceutical business (including medicinal cannabis) by way of a listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKEX") through Chapter 18A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Proposed Spin-Off and Listing").

To-date, the Group has engaged with Hong Kong and Singapore exchanges and listing professionals. We continue to work towards fulfilling the listing requirements and 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.

**(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 is in a loss position.

**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 FY2022.

**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. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer**

pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Catalyst Rules, there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company as at 30 June 2022.

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

There is no change in the composition of the Group during the six-month financial period ended 30 June 2022.

**13. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable. No dividends have been declared or recommended for the financial years ended 30 June 2022 and 30 June 2021.

**14. Use of Proceeds**

**a) 2020 Private Placement**

Pursuant to the private placement of 44,491,299 ordinary shares, the Company received net proceeds of S\$10.18 million ("Placement Proceeds"). As at 30 June 2022, the Placement Proceeds has been fully utilised in accordance with the intended use as stated in the Company's announcement dated 28 July 2020:

	<b>Amount allocated</b>	<b>Amount utilised</b>	<b>Balance</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
To fund the development, manufacturing and marketing activities required for our pharmaceutical and nutraceutical products in the pipeline	6,108	(6,108)	-
General working capital purposes	4,072	(4,072)	-
<b>Total</b>	<b>10,180</b>	<b>(10,180)</b>	<b>-</b>
Details of working capital used:	<b>S\$'000</b>		
Professional fees	1,098		
Payroll and directors' fees	1,440		
Trademark and patents	123		
Purchase of materials	386		
Rental, office expenditure and other operating expenses	1,025		
<b>Total</b>	<b>4,072</b>		

**b) Right 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 30 June 2022, the Rights Proceeds has been utilised as follows:

	<b>Amount allocated</b>	<b>Amount utilised</b>	<b>Balance</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
To fund manufacturing and marketing activities for the Group's products	7,617	(1,282)	6,335
General working capital purposes	2,000	(2,000)	-
<b>Total</b>	<b>9,617</b>	<b>(3,282)</b>	<b>6,335</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 Rights Proceeds is in accordance the intended use as stated in the Company's announcement dated 8 June 2021.

**c) 2022 Private Placement**

Pursuant to private placement of 13,710,000 shares on 21 July 2022, the Company received net proceeds of S\$2.71 million (2022 Placement Proceeds) which are allocated in accordance with the intended use as stated in the Company's announcement dated 12 July 2022:

	<b>Amount allocated</b>
	<b>S\$'000</b>
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	1,627
General working capital purposes	1,085
<b>Total</b>	<b>2,712</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

23 August 2022

This announcement has been prepared by 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 Catalyst.

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 and correctness of any of any of the information, 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.