

# **iX Biopharma Ltd.**

(Company Registration No. 200405621W)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS AND FULL YEAR  
ENDED 30 JUNE 2024**

# Unaudited Condensed Interim Consolidated Statement of Comprehensive Income

for six months and full year ended 30 June 2024

	Note	Group			Group		
		6 months ended		%	12 months ended		%
		30.06.24 \$'000	30.06.23 \$'000		30.06.24 \$'000	30.06.23 \$'000	
Revenue	5.3	3,287	3,385	(3)	5,959	5,913	1
Cost of sales		(2,830)	(1,955)	45	(4,911)	(3,593)	37
<b>Gross Profit</b>		<b>457</b>	<b>1,430</b>	(68)	<b>1,048</b>	<b>2,320</b>	(55)
Other income		219	439	(50)	548	1,140	(52)
Other (losses)/gains							
Impairment loss on receivables		(107)	-	100	(107)	-	100
Others	6	(71)	1,180	nm	(2,596)	(1,031)	152
Expenses							
- Research and development		(848)	(1,004)	(16)	(1,730)	(2,820)	(39)
- Sales and marketing		(1,093)	(1,306)	(16)	(2,440)	(3,174)	(23)
- General and administrative		(2,438)	(2,998)	(19)	(4,266)	(5,870)	(27)
- Finance expense		(156)	(153)	2	(442)	(271)	63
Total expenses		(4,535)	(5,461)	(17)	(8,878)	(12,135)	(27)
<b>Loss before income tax</b>	7	(4,037)	(2,412)	67	(9,985)	(9,706)	3
Income tax benefit/(expense)	8	572	146	nm	(809)	91	nm
<b>Loss for the financial period</b>		<b>(3,465)</b>	<b>(2,266)</b>	53	<b>(10,794)</b>	<b>(9,615)</b>	12
<b>Other comprehensive income:</b>							
<i>Items that will not be reclassified subsequently to profit or loss:</i>							
- Fair value gain on financial liabilities designated at FVPL attributable to changes in credit risk							
		213	-	100	213	-	100
<i>Items that may be reclassified subsequently to profit or loss:</i>							
- Currency translation differences arising from consolidation							
		(98)	411	nm	(86)	2,140	nm
<b>Total comprehensive loss</b>		<b>(3,350)</b>	<b>(1,855)</b>	81	<b>(10,667)</b>	<b>(7,475)</b>	43
<b>Earnings per share (EPS) attributable to equity holders of the Company (cent per share)</b>							
Basic EPS	9	(0.45)	(0.30)		(1.41)	(1.26)	
Diluted EPS	9	(0.45)	(0.30)		(1.41)	(1.26)	

nm: not meaningful

The Unaudited Condensed Interim Consolidated 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 30 June 2024

	Note	Group		Company	
		30.06.24	30.06.23	30.06.24	30.06.23
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	10	1,771	6,519	479	5,169
Trade and other receivables		2,921	3,054	19,289	23,168
Inventories		1,380	956	-	18
Other current assets		514	450	455	349
		<u>6,586</u>	<u>10,979</u>	<u>20,223</u>	<u>28,704</u>
<b>Non-current assets</b>					
Deposits		126	189	59	122
Intangible assets	11	295	291	-	-
Property, plant and equipment	12	7,120	7,230	79	103
Right of use assets	13	492	988	492	988
Deferred tax asset	14	-	1,378	-	-
Financial asset – FVPL	15	5	3,873	5	3,873
Investments in subsidiaries		-	-	1,966	1,966
		<u>8,038</u>	<u>13,949</u>	<u>2,601</u>	<u>7,052</u>
<b>Total assets</b>		<u>14,624</u>	<u>24,928</u>	<u>22,824</u>	<u>35,756</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		4,216	3,159	2,035	1,718
Borrowings	16	2,488	2,751	-	2
Lease liabilities	16	389	441	383	436
Provision		120	91	-	-
Tax liabilities	17	168	733	-	573
		<u>7,381</u>	<u>7,175</u>	<u>2,418</u>	<u>2,729</u>
<b>Non-current liabilities</b>					
Convertible bonds	16	1,779	-	1,779	-
Borrowings	16	403	568	-	-
Lease liabilities	16	142	578	141	570
Tax liabilities	17	539	716	-	-
Provision		40	39	-	-
		<u>2,903</u>	<u>1,901</u>	<u>1,920</u>	<u>570</u>
<b>Total liabilities</b>		<u>10,284</u>	<u>9,076</u>	<u>4,338</u>	<u>3,299</u>
<b>NET ASSETS</b>		<u>4,340</u>	<u>15,852</u>	<u>18,486</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		3,872	4,802	252	1,096
Accumulated losses		(96,977)	(86,183)	(79,211)	(65,872)
<b>Total equity</b>		<u>4,340</u>	<u>15,852</u>	<u>18,486</u>	<u>32,457</u>

The Unaudited Condensed 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 full year ended 30 June 2024

Group	Attributable to equity holders of the Company			
	Share capital	Other reserves	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance as at 30 June 2023	<b>97,233</b>	<b>4,802</b>	<b>(86,183)</b>	<b>15,852</b>
Loss for the year	-	-	(10,794)	(10,794)
Other comprehensive gain for the year	-	127	-	127
Total comprehensive profit/(loss) for the year	-	127	(10,794)	(10,667)
Share based payment scheme				
- Value of employees' services	-	(845)	-	(845)
- Shares issued pursuant to iX Performance Share Plan	212	(212)	-	-
Total transactions with owners, recognised directly in equity	212	(1,057)	-	(845)
<b>Balance as at 30 June 2024</b>	<b>97,445</b>	<b>3,872</b>	<b>(96,977)</b>	<b>4,340</b>
Balance as at 30 June 2022	<b>94,178</b>	<b>2,134</b>	<b>(76,568)</b>	<b>19,744</b>
Loss for the year	-	-	(9,615)	(9,615)
Other comprehensive gain for the year	-	2,140	-	2,140
Total comprehensive profit/(loss) for the year	-	2,140	(9,615)	(7,475)
Share based payment scheme				
- Value of employees' services	-	857	-	857
- 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	528	-	3,583
<b>Balance as at 30 June 2023</b>	<b>97,233</b>	<b>4,802</b>	<b>(86,183)</b>	<b>15,852</b>

Company	Attributable to equity holders of the Company			
	Share capital	Other reserves	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance as at 30 June 2023	<b>97,233</b>	<b>1,096</b>	<b>(65,872)</b>	<b>32,457</b>
Loss for the year	-	-	(13,339)	(13,339)
Other comprehensive gain for the year	-	213	-	213
Total comprehensive profit/(loss) for the year	-	213	(13,339)	(13,126)
Share based payment scheme				
- Value of employees' services	-	(845)	-	(845)
- Shares issued pursuant to iX Performance Share Plan	212	(212)	-	-
Total transactions with owners, recognised directly in equity	212	(1,057)	-	(845)
<b>Balance as at 30 June 2024</b>	<b>97,445</b>	<b>252</b>	<b>(79,211)</b>	<b>18,486</b>
Balance as at 30 June 2022	<b>94,178</b>	<b>568</b>	<b>(58,865)</b>	<b>35,881</b>
Loss for the period	-	-	(7,007)	(7,007)
Total comprehensive loss for the year	-	-	(7,007)	(7,007)
Share based payment scheme				
- Value of employees' services	-	857	-	857
- 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	528	-	3,583
<b>Balance as at 30 June 2023</b>	<b>97,233</b>	<b>1,096</b>	<b>(65,872)</b>	<b>32,457</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 full year ended 30 June 2024

	Note	Group	
		12 months ended 30.06.24	30.06.23
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Total loss after tax		(10,794)	(9,615)
Adjustments for:			
- Depreciation and amortisation expense		868	929
- Income tax expense/(benefit)		809	(91)
- Interest expense		323	271
- Interest income		(33)	(7)
- Transaction costs on issuance of convertible bonds		119	-
- Inventory write-down		163	103
- Allowance for impairment of receivables		107	-
- Provision		29	19
- Research and development tax incentive		(509)	(1,098)
- Share based payment (written back) / expense - net		(845)	857
- Fair value loss/(gain) of financial asset, at FVPL		2,347	(1,742)
- Fair value loss of convertible bonds		161	-
- Loss on disposal of financial asset, at FVPL		164	-
- Unrealised currency exchange (gains)/losses- net		(50)	2,621
		(7,141)	(7,753)
Changes in working capital:			
- Trade and other receivables		(108)	(848)
- Other current assets		1	(115)
- Trade and other payables		860	713
- Inventories		(616)	(202)
<b>Cash used in operations</b>		(7,004)	(8,205)
Research and development tax incentive received		636	828
Interest received		33	7
Interest paid		(60)	-
Tax paid		(158)	(290)
<b>Net cash used in operating activities</b>		(6,553)	(7,660)
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(274)	(695)
Additions to intangible assets		(11)	-
Proceeds for disposal of financial asset, at FVPL		1,341	-
<b>Net cash generated/(used) in investing activities</b>		1,056	(695)
<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		(23)	(40)
Repayment of borrowings		(571)	(604)
Principal payment of lease liabilities		(446)	(388)
Interest paid		(263)	(271)
<b>Net cash from financing activities</b>		724	1,423
<b>Net decrease in cash and cash equivalents</b>		(4,773)	(6,932)
<b>Cash and cash equivalents</b>			
Beginning of financial period		5,927	12,906
Effects of currency translation on cash and cash equivalents		-	(47)
End of financial period	10	1,154	5,927

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 AND FULL YEAR ENDED 30 JUNE 2024

## 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 Lobby, Singapore 237994.

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

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

## 2. BASIS OF PREPARATION

### a) Basis of accounting

These consolidated financial statements are unaudited and prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Committee. 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.

Significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty included those that applied to the consolidated financial statements as at and for the year ended 30 June 2023 and the following:

- Fair value of financial liabilities

The Group holds certain financial instruments for which no quoted prices are available, and which may have little or no observable market inputs. For these financial instruments, the determination of fair value requires subjective assessment and management judgment which takes into consideration the liquidity, pricing assumptions, current economic and competitive environment and the risks affecting the specific financial instrument. In such circumstances, valuation is determined based on management's judgment related to the assumptions that market participants would use in pricing liabilities.

### 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, including contract manufacturing services, and sales of pharmaceutical and medicinal cannabis products.

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

	Group			Group		
	6 months ended 30.06.24			12 months ended 30.06.24		
	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>	3,173	191	3,364	5,653	508	6,161
Less:						
Inter-segment sales	(77)	-	(77)	(202)	-	(202)
<b>Sales to external parties</b>	3,096	191	3,287	5,451	508	5,959
Adjusted EBITDA	(957)	(651)	(1,608)	(2,185)	(1,637)	(3,822)
Depreciation	187	1	188	372	1	373
Amortisation	7	-	7	7	-	7

	Group			Group		
	6 months ended 30.06.23			12 months ended 30.06.23		
	Specialty Pharmaceuticals	Nutraceuticals	Total	Specialty Pharmaceuticals	Nutraceuticals	Total
	\$S000	\$S000	\$S000	\$S000	\$S000	\$S000
<b>Total segment sales</b>	3,145	310	3,455	5,353	749	6,102
Less:						
Inter-segment sales	(70)	-	(70)	(189)	-	(189)
<b>Sales to external parties</b>	3,075	310	3,385	5,164	749	5,913
Adjusted EBITDA	(235)	(714)	(949)	(2,183)	(2,085)	(4,268)
Depreciation	199	-	199	465	-	465
Amortisation	-	-	-	-	-	-

	Group		Group	
	6 months ended		12 months ended	
	30.06.24	30.06.23	30.06.24	30.06.23
	\$S000	\$S000	\$000	\$000
<b>Adjusted EBITDA</b> is reconciled to (loss) before income tax as follows:				
Reportable segments	(1,608)	(949)	(3,822)	(4,268)
Unallocated corporate expenses	(1,946)	(2,053)	(3,644)	(3,455)
	(3,554)	(3,002)	(7,466)	(7,723)
Research and development tax incentive	201	428	509	1,098
Depreciation	(431)	(426)	(861)	(893)
Amortisation	(7)	(18)	(7)	(36)
Currency exchange gains/(losses) - net	95	(489)	76	(2,773)
Share based payment (expense) / write-back, net	(33)	(428)	845	(857)
Finance expense	(156)	(153)	(442)	(271)
Interest income	14	7	33	7
Loss on disposal of financial asset	-	-	(164)	-
Fair value (loss)/gain of financial instruments, at FVPL	(166)	1,669	(2,508)	1,742
<b>Loss before income tax</b>	(4,037)	(2,412)	(9,985)	(9,706)

## 5.2 Geographical segments

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

	Group		Group	
	6 months ended		12 months ended	
	30.06.24	30.06.23	30.06.24	30.06.23
	\$000	\$000	\$000	\$000
<b>Net sales</b>				
Australia	3,101	3,103	5,465	5,122
China	146	225	408	579
Others	40	57	86	212
	3,287	3,385	5,959	5,913
<b>Non-current assets</b>				
Australia			7,331	7,418
Singapore			630	1,213
Hong Kong			67	67
United States of America			5	-
			8,033	8,698



### 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 30.06.24			12 months ended 30.06.24		
	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	471	-	471	961	-	961
- Nutraceuticals	191	-	191	508	-	508
	662	-	662	1,469	-	1,469
Development and manufacturing services	-	2,625	2,625	-	4,490	4,490
<b>Total</b>	662	2,625	3,287	1,469	4,490	5,959

	Group			Group		
	6 months ended 30.06.23			12 months ended 30.06.23		
	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	375	-	375	702	-	702
- Nutraceuticals	310	-	310	749	-	749
	685	-	685	1,451	-	1,451
Development and manufacturing services	-	2,700	2,700	-	4,462	4,462
<b>Total</b>	685	2,700	3,385	1,451	4,462	5,913

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

	Group		Group		%
	12 months ended 30.06.24		12 months ended 30.06.23		
	\$'000		\$'000		
<b>Net sales</b>					
- First half year	2,672		2,528		6
- Second half year	3,287		3,385		(3)
<b>Operating loss after tax</b>					
- First half year	(7,329)		(7,349)		-
- Second half year	(3,465)		(2,266)		53

## 6. OTHER GAIN AND LOSSES

	Group		Group	
	6 months ended 30.06.24		12 months ended 30.06.24	
	\$'000	\$'000	\$'000	\$'000
Currency exchange gains/(losses) - net	95	(489)	76	(2,773)
Fair value (loss)/gain of financial asset, at FVPL	(85)	1,669	(2,347)	1,742
Loss on disposal of financial asset, at FVPL	-	-	(164)	-
Fair value loss on convertible bonds	(81)	-	(161)	-
	(71)	1,180	(2,596)	(1,031)

## 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	
	30.06.24	30.06.23	30.06.24	30.06.23
	\$'000	\$'000	\$'000	\$'000
<b>Gains:</b>				
Research and development tax incentive	202	428	509	1,098
Government grants	-	4	-	35
Fair value gain of financial asset, at FVPL	-	1,669	-	1,742
Interest income	14	7	33	7
Currency exchange gains - net	95	-	76	-
<b>Expenses &amp; Losses:</b>				
Share-based payment expense				
- Current period expense	33	428	120	857
- Change in fair value of share awards	-	-	(965)	-
Depreciation and amortisation expense				
- Property, plant and equipment	208	224	411	501
- Right of use assets	223	202	450	392
- Intangible assets	7	18	7	36
Inventory write-down	93	73	163	103
Allowance for impairment of receivables	107	-	107	-
Currency exchange losses - net	-	489	-	2,773
Fair value losses of				
- financial asset, at FVPL	85	-	2,347	-
- convertible bonds	81	-	161	-
Loss on disposal of financial asset, at FVPL	-	-	164	-
Interest expense	156	153	323	271
Transaction costs on issuance of convertible bonds	-	-	119	-

## 8. INCOME TAXES

	Group		Group	
	6 months ended		12 months ended	
	30.06.24	30.06.23	30.06.24	30.06.23
	\$'000	\$'000	\$'000	\$'000
Current income tax				
- foreign – current year	1	-	4	-
- foreign – over provision in prior year	-	(5)	-	(5)
Withholding tax	(573)	-	(573)	-
Deferred tax benefit	-	(141)	-	(86)
Write-down of deferred tax asset	-	-	1,378	-
	(572)	(146)	809	(91)

## 9. LOSS PER ORDINARY SHARE

	Group		Group	
	6 months ended		12 months ended	
	30.06.24	30.06.23	30.06.24	30.06.23
Net loss attributable to equity holders of the Company (\$'000)	(3,465)	(2,266)	(10,794)	(9,615)
Weighted average number of shares outstanding ('000)				
Basic	768,317	766,300	767,358	764,847
Diluted	768,317	766,300	767,358	764,847
Loss per share (Cents per share)				
Basic	(0.45)	(0.30)	(1.41)	(1.26)
Diluted	(0.45)	(0.30)	(1.41)	(1.26)

The Company has 6,395,500 share awards under iX Performance Share Plan (iX PSP) (30 June 2023: 9,538,800 shares awards) and up to 16,666,666 shares under convertible bonds. These shares were not included in the calculation of diluted loss per share above 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	
	30.06.24	30.06.23
	\$'000	\$'000
Cash and cash equivalents in Balance Sheet	1,771	6,519
Less: Bank deposits pledged	(617)	(592)
Cash and cash equivalents per consolidated statement of cash flows	1,154	5,927

Bank deposits are pledged as security for credit facilities.

## 11. INTANGIBLE ASSETS

	Group	
	30.06.24	30.06.23
	\$'000	\$'000
Goodwill arising on consolidation	291	291
Computer software	181	170
	472	461
Less: accumulated amortisation	(177)	(170)
Intangible assets, net	295	291

During the six months and the year ended 30 June 2024, the Group acquired computer software amounting to \$Nil and \$11,000 (2023: \$Nil; \$Nil).

Amortisation expense for the six months and the year ended 30 June 2024 were \$7,000 and \$7,000 (2023: \$18,000; and \$36,000).

### **Impairment tests for goodwill**

Goodwill is assigned to Specialty Pharmaceutical cash-generation unit (CGU) based on its operation and business segment.

The recoverable amount of Specialty Pharmaceutical CGU was determined based on value-in-use model. The cash flow forecast was based on estimated revenue growth over a 5-year period (2023: 10 years).

Critical assumptions used for the value-in-use calculations:

- Discount rate of 16% (2023: 18%)
- Terminal growth rate of 2% (2023: 2%)
- Compounded annual growth rate of 14% (2023: 15%)

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 compounded revenue growth rate was determined based on management's past performance and its expectation of future market development.

The impairment review carried out as at 30 June 2024 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 2024, 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.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Group	
	30.06.24	30.06.23
	\$'000	\$'000
Freehold land	2,568	2,562
Building	1,739	1,736
Leasehold improvement	756	743
Plant and equipment	6,259	6,002
Computer & Office Equipment	370	345
Motor vehicles	235	235
Furniture and fittings	127	127
	12,054	11,750
Less: accumulated depreciation	(4,934)	(4,520)
Property, plant and equipment, net	7,120	7,230

During the six months and the year ended 30 June 2024, the Group acquired assets amounting to \$95,000 and \$287,000 (2023: \$424,000; \$695,000).

Depreciation expense for the six months and the year ended 30 June 2024 were \$208,000 and \$411,000 (2023: \$224,000; \$501,000).

## 13. RIGHT OF USE ASSETS

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

Depreciation of right of use assets for the six months and the year ended 30 June 2024 were \$223,000 and \$450,000 (2023: \$202,000; \$392,000).

## 14. DEFERRED TAX ASSET

	Group	
	30.06.24	30.06.23
	\$'000	\$'000
Beginning of the financial period	1,378	1,276
Tax credited to profit and loss	-	86
Impairment	(1,378)	-
Currency translation difference	-	16
End of the financial period	-	1,378

The deferred tax asset related 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 year, the Group terminated the Wafermine licensing agreement entered into with Seelos Therapeutic, Inc (Seelos) in November 2021. 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	
	30.06.24	30.06.23
	\$'000	\$'000
<i>Non-current</i>		
Listed securities:		
- Equity securities – US	5	3,873
	Group	
	30.06.24	30.06.23
	\$'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	(2,347)	1,742
Currency exchange loss	(16)	(130)
As at end of financial period	5	3,873

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	
	30.06.24	30.06.23
	\$'000	\$'000
<i>Current</i>		
Bank borrowings	2,488	2,751
Lease liabilities	389	441
	2,877	3,192
<i>Non-current</i>		
Convertible bonds	1,779	-
Bank borrowings	403	568
Lease liabilities	142	578
	2,324	1,146
Total borrowings	5,201	4,338

Subsequent to balance sheet date, a bank borrowing amounted to \$2,178,000 classified as a current liability above was extended for further 3 years by the lender.

### 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.

On 18 June 2024, arising from the Rights cum Warrants Issue (see Note 18), the Company announced that Conversion Price and Minimum Conversion Price of the Convertible Bonds were adjusted from \$0.1337 and \$0.0819 to \$0.12 and \$0.07 respectively with effect from 25 June 2024; financial effects of these adjustments are not material.

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 30 June 2024:

	30.06.24
Risk-free interest rate	3.56%
Volatility	93%
Dividend yield	0%
Contractual term (years)	1.07
Share price (cents)	2.9

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>Group and Company</b>	
	<b>30.06.24</b>	<b>30.06.23</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Cumulative gain on changes in fair value attributable to changes in credit risk recognised in other comprehensive income</i>	213	-
<i>Difference between carrying amount and contractual amount at maturity:</i>		
Convertible bonds at fair value	a 1,779	-
Amount repayable at maturity	b 2,000	-
	a- b (221)	-

The Group determines the amount of fair value changes which are attributable to credit risk, by first determining the changes due to market conditions which give rise to market risk, and then deducting those changes from the total change in fair value of the convertible debentures. Market conditions which give rise to market risk include changes in the benchmark interest rate. Fair value movements on the conversion option embedded derivative are included in the assessment of market risk fair value changes.

The Group believes that this approach most faithfully represents the amount of change in fair value due to the company's own credit risk, as the changes in factors contributing to the fair value of the convertible debentures other than changes in the benchmark interest rate are not deemed to be significant.

- 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.

	<b>Group</b>	
	<b>30.06.24</b>	<b>30.06.23</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Unsecured</b>		
Amount repayable in one year or less	389	441
Amount repayable after one year	1,921	578
	2,310	1,019
<b>Secured</b>		
Amount repayable in one year or less	2,488	2,751
Amount repayable after one year	403	568
	2,891	3,319
Total Borrowings	5,201	4,338

- c) Reconciliation of liabilities arising from financing activities:

	<b>Non-cash changes</b>								
	<b>Beginning of financial period</b>	<b>Proceeds from borrowings</b>	<b>Principal and interest payments</b>	<b>Addition/ modification during the period</b>	<b>Fair value changes</b>	<b>Interest expense</b>	<b>Foreign exchange movement</b>	<b>Reclassified to other payables</b>	<b>End of financial period</b>
<b>2024</b>									
Convertible bonds	-	2,000	-	-	(52)	-	-	(169)*	1,779
Bank borrowings	3,319	146	(793)	-	-	222	(3)	-	2,891
Lease liabilities	1,019	-	(487)	(42)	-	41	-	-	531
<b>2023</b>									
Bank borrowings	4,167	-	(827)	-	-	223	(244)	-	3,319
Lease liabilities	238	-	(415)	1,164	-	27	5	-	1,019

\* Coupon payment of \$169,000 was due on 30 June 2024 but was paid on 1 July 2024 per the Bond Agreement. The amount was reclassified and reported as part of Trade and Other Payables.

## 17. TAX LIABILITIES

	Group	
	30.06.24	30.06.23
	S\$'000	S\$'000
Corporate tax	707	876
Withholding tax	-	573
	<u>707</u>	<u>1,449</u>
<i>Current</i>	168	733
<i>Non-current</i>	539	716
	<u>707</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 30.06.24		12 months ended 30.06.24	
	No. of ordinary shares	Amount	No. of ordinary shares	Amount
		\$'000		\$'000
<b>At beginning of period</b>	768,317,356	97,445	766,299,934	97,233
<b>Shares issued pursuant to</b>				
- iX Performance Share Plan	-	-	2,017,422	212
<b>At end of period</b>	<b>768,317,356</b>	<b>97,445</b>	<b>768,317,356</b>	<b>97,445</b>

  

Group & Company	6 months ended 30.06.23		12 months ended 30.06.23	
	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>				
- Private placement	-	-	13,710,000	2,726
- iX Performance Share Plan	-	-	1,400,000	329
<b>At end of period</b>	<b>766,299,934</b>	<b>97,233</b>	<b>766,299,934</b>	<b>97,233</b>

During the year ended 30 June 2024,

- On 24 July 2023, the Company issued 9% Convertible Bonds denominated in Singapore Dollars with an aggregated nominal value of \$2 million (Note 16a);
- On 1 December 2023, the Company granted total awards of 2,042,422 shares to certain employees and executives under iX Performance Share Scheme (iX PSP);
- On 22 December 2023, the Company allotted and issued 2,017,422 shares to certain employees and executives pursuant to iX PSP;
- On 6 June 2024, the Company proposed to undertake a renounceable non-underwritten rights issue (the Rights cum Warrants Issue) of up to 172,320,768 new ordinary shares in the capital of the Company (the Rights Shares) at an issue price of \$0.03 for each Rights Share, with up to 86,160,384 free detachable and transferable warrants (the Warrants), with each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (New Share) at the exercise price of \$0.06 for each New Share, on the basis of 11 Rights Shares for every 50 existing ordinary shares in the capital of the Company, and one (1) Warrant for every two (2) Rights Shares subscribed. The Rights cum Warrants issue was completed on 19 July 2024;
- On 18 June 2024, arising from the Rights cum Warrants Issue, the Company announced that Conversion Price and Minimum Conversion Price (both as defined in the Bond Subscription Agreement) of the Convertible Bonds were adjusted from \$0.1337 and \$0.0819 to \$0.12 and \$0.07 respectively with effect from 25 June 2024. As at 30 June 2024 and at the current prevailing Conversion Price of \$0.12, up to 16,666,666 ordinary shares of the Company may be issued upon conversion; and

- On 30 June 2024, a total of 3,168,300 awards which were granted on 19 November 2021 in relation to licensing of Wafermine had expired as the relevant performance milestone had not been satisfied. Included in these expired awards were 1,788,300 awards granted to Mr Eddy Lee Yip Hang, a director and a substantial shareholder of the Company.

Since the end of the previous reported period and saved other than 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.

	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	% of total number of issued shares
<b>As at 30 June 2024</b>			
Convertible bonds	20	16,666,666	2.2
iX Performance Share Plan	6,395,500	6,395,500	0.8
<b>As at 30 June 2023</b>			
iX Performance Share Plan	9,538,800	9,538,800	1.2

The Company did not hold any treasury shares as at 30 June 2024 and 30 June 2023.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2024 and 30 June 2023.

## 19. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30.06.24	30.06.23	30.06.24	30.06.23
Net asset value per ordinary share (in cents)	0.6	2.1	2.4	4.2

The net asset value per ordinary share of the Group and the Company as at 30 June 2024 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		Group	
	6 months ended		12 months ended	
	30.06.24	30.06.23	30.06.24	30.06.23
	\$'000	\$'000	\$'000	\$'000
<i>Key management personnel compensation:</i>				
Wages, salaries and other short-term employee benefits	1,026	1,092	2,120	2,225
Employer's contribution to defined contribution plan	10	11	23	30
Share based payment expense				
- Services cost during the period	12	342	53	716
- Fair value changes due to termination of Wafermine licensing agreement (a)	-	-	(965)	-
	1,048	1,445	1,231	2,971

- a. During the six months ended 31 December 2023, 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.



## 21. CAPITAL COMMITMENTS

Capital expenditure of \$46,000 (30 June 2023: \$22,000) for property, plant and equipment were contracted for at the balance sheet date but not recognised in the financial statements.

## 22. SUBSEQUENT EVENTS

### *Rights cum Warrants Issue*

On 19 July 2024, 115,018,984 new ordinary shares in the capital of the Company ("Rights Shares") and 57,509,479 warrants ("Warrants") were allotted and issued at the issue price of \$0.03 per Rights Shares in connection with a rights cum warrants issue exercise. Each of the Warrants carries a right to subscribe for one new ordinary share in the capital of the Company at \$0.06 per share over a two-year period from issue date.

The Rights Shares and Warrants were listed and quoted on the Catalist Board of the SGX-ST on 23 July 2024 and 24 July 2024 respectively. The net proceeds associated with the rights issue were approximately \$3.25 million.

### *Loan Extension*

On 31 July 2024, the property loan of \$2,178,000 (Note 16) that was classified as a current liability at the balance sheet date has been extended for a further 3 years by the lender.

## ADDITIONAL INFORMATION REQUIRED BY CATALIST RULES FOR SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2024

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.

### **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

Wafermine is a racemic ketamine sublingual wafer being developed to treat pain and depression. The program was licensed to Seelos Therapeutics, Inc (Seelos) in November 2021. In March 2024, we terminated the out-licensing agreement due to unsatisfactory development progress by Seelos. Our management team has begun shortlisting licensing and financial consultants to out-license Wafermine. We aim to partner with suitable pharmaceutical companies to advance the development of Wafermine for the treatment of Complex Regional Pain Syndrome (CRPS) and Depression.

#### iXB 401

iXB 401 is a novel semaglutide wafer delivered sublingually with WaferlogiX drug delivery technology platform. Semaglutide, a GLP-1 receptor agonist, has emerged as a leading therapy for diabetes and obesity. It is approved for type 2 diabetes management under the brand names Ozempic (injectable) and Rybelsus (oral tablet), and for weight loss under the brand name Wegovy (injectable).

Due to poor oral bioavailability, most current GLP-1 receptor agonists are injectables. iXB 401 offers a more convenient and potentially better tolerated option compared to existing GLP-1 receptor agonist drugs. With better patient compliance, iXB 401 would be well positioned to capture a significant share of this vast and growing market.

We have successfully formulated the wafer product and are now commencing pharmacokinetic and efficacy testing using established in-vivo diabetic mouse models with results expected later this year. Following completion of this study, we expect to commence a human pharmacokinetic study in the early 2025.

#### Wafesil

The Group's partnership with China Resources Pharmaceutical Group (CRPCG), a division of China Resources, for the distribution of Wafesil in China is ongoing. CRPCG is currently preparing the Chinese registration dossier for Wafesil for submission to the Center for Drug Evaluation (CDE) of the NMPA. The submission has been delayed due to the CDE's specific requirement for all excipient suppliers to be registered with the NMPA. Sourcing excipients used in our Australian registered product from NMPA-registered suppliers has taken some time. We are now reformulating and testing the product to confirm the suitability of these excipient suppliers, ahead of finalisation of the dossier by CRPCG.

### 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 is currently evaluating the best development strategy to obtain US FDA registration for this product.

### 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, subject to funding, 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.

We introduced a new analytical testing contract service during the year to address the growing medicinal cannabis flower market in Australia. This complements our existing GMP contract manufacturing service offering and enables us to capture greater value from the supply chain, provide a more comprehensive service to existing customers and enhance customer acquisition.

## **Nutraceuticals**

### Entity Health – Healthspan nutraceuticals

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 FY2024, we recalibrated our marketing activities in view of the uncertain economic recovery and weak consumer spending 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.

In 2Q24, we commenced online sales of NAD+ and glutathione wafers to the United States. During the initial phase, we focused on soliciting consumer feedback, exploring diverse market access channels, and formulating effective marketing strategies across both online and offline platforms. Through this market learning initiative, we obtained valuable insights which guided us to take several steps to enhance the functionality and marketability of the products, including the following: (a) conducting studies to provide scientific support for product claims such as increase of NAD+ levels in the body, increased energy, mental clarity, DNA repair, and improved sleep; and (b) increasing the dosage, which accelerates and enhances NAD+ effects, reduces the cost per dose and

broadens our consumer reach by making pricing more competitive with existing NAD precursors and intravenous (IV) treatments.

**Review of performance for six months and full year ended 30 June 2024 (2H24, FY2024) (2023:2H23, FY2023)**

Revenue	2H24	2H23	Incr/ (Decr)	FY2024	FY2023	Incr/ (Decr)
	\$'000	\$'000		\$'000	\$'000	
Product and services						
Specialty Pharmaceuticals						
Medicinal cannabis	3,029	2,992	1%	5,264	4,871	8%
Other pharmaceuticals	67	83	(19)%	187	293	(36)%
	3,096	3,075	1%	5,451	5,164	6%
Nutraceuticals	191	310	(38)%	508	749	(32)%
<b>Total revenue</b>	<b>3,287</b>	<b>3,385</b>	<b>(3)%</b>	<b>5,959</b>	<b>5,913</b>	<b>1%</b>

Despite weakening consumer spending in Australia, Specialty Pharmaceuticals grew its revenue by 1% for 2H24 and 6% for FY2024, driven by strong sales of medicinal cannabis products and services in Australia. This was offset by a 38% decrease for 2H24 and 32% for FY2024 in Nutraceuticals revenue primarily due to weaker consumer spending and uncertain market recovery in the PRC.

Overall, total revenue grew 1% compared to FY2023 as the growth in Specialty Pharmaceuticals revenue more than offset the weakness in our Nutraceuticals segment.

Gross Profit	2H24	2H23	Incr/ (Decr)	FY2024	FY2023	Incr/ (Decr)
	\$'000	\$'000		\$'000	\$'000	
Product and service revenue	3,287	3,385	(3)%	5,959	5,913	1%
Cost of Sales	(2,830)	(1,955)	45%	(4,911)	(3,593)	37%
<b>Gross Profit</b>	<b>457</b>	<b>1,430</b>	<b>(68)%</b>	<b>1,048</b>	<b>2,320</b>	<b>(55)%</b>
<b>Gross margin</b>	<b>14%</b>	<b>42%</b>		<b>18%</b>	<b>39%</b>	

The Group's cost of sales was \$2.83 million in 2H24, about 45% higher than 2H23 mainly due to increase in labour and material costs as a result of differing product and service income mix compared to the previous corresponding period. The cost of sales also includes the cost of manufacturing which consists of personnel, material and other fixed overheads.

The Group's gross profit margins had reduced consequently.

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 FY2023 was due to additional rebates relating to DEX-001, a clinical study of sublingual dexmedetomidine.

Other gains and losses

Despite volatility during 2H24 and FY2024, Australian dollar exchange rate 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 gain in currency exchange of \$0.10 million and \$0.08 million in 2H24 and FY2024 compared to net losses of \$0.49 million and \$2.77 million in 2H23 and FY2023 respectively.

During FY2024, 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 \$2.35 million.

We also recognised \$0.16 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 \$0.16 million and \$1.09 million in 2H24 and FY2024 was mainly due to DEX-001 conducted in FY2023; no clinical study was conducted in FY2024.

### Sales and marketing

During 2H24 and FY2024, sales and marketing expenses decreased by \$0.21 million and \$0.73 million respectively, driven by:

- reduced marketing activities in the PRC in response to weaker consumer spending and an uncertain economic recovery.
- lower marketing expenses in the US compared to FY2023, which saw greater investment in brand development and participation in MJ Bizcon conference.

### General and administrative (G&A)

Decrease in G&A expenses of \$0.56 million and \$1.60 million in 2H24 and FY2024 were mainly due to revision of fair value of certain performance share awards. During the year, the Group terminated its agreement with Seelos, which necessitated a review of the probability of achieving performance conditions associated with certain previously granted performance share awards. As a result, the fair value of those share awards was reduced, and the difference of \$0.97 million was recognised in the profit and loss during 1H24. Share-based compensation of these awards in 2H23 and FY2023 were \$0.30 million and \$0.60 million respectively.

### Finance

Finance expense during FY2024 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 average lease liabilities during the periods.

## Income tax expenses

Income tax expense in FY2024 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.

Additionally, we also wrote back \$0.57 million of provision for foreign withholding tax associated with Wafermine licensing fee.

## **Review of operating segment results**

See above for analysis of revenue by operating segments.

The adjusted EBITDA loss of the Specialty Pharmaceutical segment increased to \$0.96 million in 2H24 from \$0.24 million in 2H23. The increase was mainly due to change in product and service sales mix to those requiring higher material and labour content. This increase was substantially offset by a lower R&D expenditure as the Group did not undertake any clinical study this year. As a result, adjusted EBITDA losses for FY2024 remained comparable to that in FY2023.

The Nutraceutical segment's adjusted EBITDA loss of 2H24 and FY2024 decreased to \$0.65 million and \$1.64 million from \$0.71 million and \$2.09 million in 2H23 and FY2023 respectively 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 \$6.59 million, principally in our cash and cash equivalent. The decrease during the period was mainly due to net decrease in cash of \$4.75 million, excess of receipt over accrual of R&D rebates by \$0.13 million and offset by additional inventory holding of \$0.42 million.

Non-current assets decreased from \$13.95 million to \$8.04 million mainly from \$3.87 million decrease in financial asset from partial disposal and fair value change; \$1.38 million impairment of deferred tax asset; and \$0.50 million decrease in right of use assets from depreciation.

Total borrowings increased from \$4.34 million to \$5.20 million mainly from issuance of \$2 million 9% convertible bonds and \$0.15 million in new bank borrowing offset by principal repayments of \$1.02 million.

Trade and other payable increased from \$3.16 million to \$4.22 million mainly due to additional \$0.35 million materials received but not invoiced, \$0.49 million of materials purchased on extended credit term and \$0.17 million for convertible bond coupon payable.

As at 30 June 2024, the Group has recorded a negative working capital of \$0.80 million. As disclosed in Note 22, Subsequent Events, to the Interim Condensed Financial Statements, the Group has raised net proceeds of \$3.25 million from its Rights cum Warrants Issue and obtained a three-year extension for a \$2.18 million loan that was classified as a current liability. Had these events been recognised as at 30 June 2024, the Group would have a positive net working capital of \$4.31 million instead.

### **Review of cash flow**

The Group used \$1.20 million less cash in operations during FY2024 as compared to FY2023 due to reduced R&D expenditure and scaled down marketing activities. After accounting for receipt of R&D incentive rebate and payment of taxes, the Group used \$6.55 million in net cash from operating activities in FY2024 as compared to \$7.66 million in FY2023.

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 FY2024, compared to \$2.73 million received from a private placement in FY2023. 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 \$1.15 million at the end of the 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.**

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 for our products and services and higher raw material, labour and other operating costs.

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. A key area of focus is the rising demand for GLP-1 medications for the treatment of diabetes and obesity, which presents a significant opportunity for our Company. We are advancing the development of iXB 401, a sublingual semaglutide wafer using our WaferlogiX drug delivery technology. This innovative approach is designed to enhance patient acceptance and convenience compared to injections and potentially improve efficacy over oral semaglutide. By repurposing this drug, we benefit from lower development risks and a faster time to market compared to new drug development.

At the same time, we face challenges posed by regulatory restrictions on cannabis in the US, where federal laws remain a significant barrier. These restrictions impact our supply chain, logistics, financing, and overall operations, limiting our ability to introduce cannabis products in this market in the near term. In response, we will focus on expanding our cannabis business in Australia and accelerating growth in our nutraceuticals business in the US.

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 2H23.

- (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 discloseable interested person transaction for FY2024.

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 Catalist 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 2024.

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

None

**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 2024 and 30 June 2023.

**14. Use of Proceeds**

**a) 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 30 June 2024, the 9% Convertible Bond Proceeds has been fully utilised in accordance with the intended use as stated in the Company's announcement dated 3 July 2023 as follows:

	<b>Amount allocated</b>	<b>Amount utilised</b>
	<b>\$'000</b>	<b>\$'000</b>
Support the Group's marketing activities and facilitate the expansion of markets	1,250	(1,250)
General working capital purposes	631	(631)
<b>Total</b>	<b>1,881</b>	<b>(1,881)</b>
Details of working capital used:	<b>\$'000</b>	
Payroll and directors' fees	252	
Trademark and patent related professional fees	223	
Rental	156	
<b>Total</b>	<b>631</b>	

**b) 2024 Rights cum Warrants Issue**

Pursuant to the Rights cum Warrants Issue of 115,018,984 Rights Shares and 57,509,479 Warrants completed on 19 July 2024, the Company received net proceeds of \$3.25 million (2024 Rights Proceeds) which are allocated in accordance with intended uses stated in the Company's announcement dated 18 July 2024.

	<b>Amount allocated</b>
	<b>\$'000</b>
Product development and sales and manufacturing and marketing activities for the Group's products including the development of iXB 401 sublingual semaglutide wafers and sublingual NAD+ wafers	1,850
General working capital purposes	1,400
<b>Total</b>	<b>3,250</b>

As at the date of this announcement, there was no material utilisation of the 2024 Rights Proceeds.



**On behalf of the Board of Directors**

Eddy Lee Yip Hang  
Chairman & CEO

Albert Ho Shing Tung  
Non-executive Director

23 August 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.