

Issuer: iX Biopharma Ltd.

Security: iX Biopharma Ltd.

Meeting details:

Date: 24 October 2017

Time: 10.00 a.m.

Venue: NUSS Kent Ridge Guild House, Inner Chamber, 9 Kent Ridge Drive, Singapore 119241

Company Description

iX Biopharma Ltd., a specialty pharmaceutical company, develops, manufactures, and commercializes therapies for the treatment of acute and breakthrough pain, and other health conditions in Australia. The company operates in two segments, Specialty Pharmaceutical and Chemical Analysis. It leverages its patented sublingual drug delivery technology, WaferiX, to develop proprietary products that incorporate pharmacologically active compounds that have been approved by regulatory bodies. Its products include Wafermine, a sublingual ketamine oral wafer for the management of moderate to severe pain; BnoX, a sublingual buprenorphine oral wafer for the treatment of moderate to severe pain; PheoniX, a product that contains sildenafil citrate for the treatment of male erectile dysfunction; WafeRest, a sublingual melatonin wafer supplement for alleviating jet lag and improving sleep quality; and Waferyl, a sublingual wafer with fentanyl for breakthrough cancer pain. The company also provides laboratory services; and promotes and markets nutritional and supplements products. iX Biopharma Ltd. was founded in 2008 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=42C)

Q1. The group report a revenue increase of 10% to \$6.4 million in 2017, up from \$5.8 million in 2016. As disclosed in Note 28 (page 84 – Segment information), the segment revenue and adjusted EBITDA are as follow:

The segment information for the reportable segments is as follows:

Group	Specialty Pharmaceutical		Chemical Analysis		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
Total segment sales	49	103	6,332	5,694	6,381	5,797
Adjusted EBITDA	(5,778)	(6,165)	1,232	676	(4,546)	(5,489)

(Source: Company annual report)

Revenue from the Chemical Analysis segment increased by 7% in local currency terms and the segment saw an increase of by 11% year on year after taking account of the stronger Australian dollar (a 4% gain when translated into the reporting currency).

a) What is the current utilisation of the Chemical Analysis operations? What are the growth prospects?

The group’s specialty pharmaceutical products have been on the market for more than a year, including:

Products	Markets	Year
Wafermine	Supplied to hospitals and registered pharmacies in Australia under Schedule 5A of the Therapeutic Goods Regulations 1990 of Australia	Since FY2016
BnoX	Supplied to hospitals and registered pharmacies in Australia under Schedule 5A of the Therapeutic Goods Regulations 1990 of Australia	2017
WafeRest	Nutraceutical product launched in Singapore	August 2017

The revenue from Specialty Pharmaceutical segment has dropped from \$103,000 to \$49,000 despite Wafermine being in the market for a second year and that the group having more drugs in the market.

b) Can management help shareholders understand the way drugs are sold under the Special Access Scheme exemption set out in Schedule 5A of the Therapeutic Goods Regulations 1900 of Australia?

c) What are the specific challenges that led to the drop in revenue in 2017?

d) Has the market uptake of Wafermine met the management’s expectation? What are management’s plans to improve the commercialisation of Wafermine and BnoX?

Q2. The group has developed a new pipeline of nutraceutical products and intends to market such products in traditional mediums (such as print advertisements, product placements, event sponsorships, trade shows and conferences) as well as e-commerce platforms.

a) Apart from Singapore, what are the regional markets that the group intends to enter (for the nutraceuticals business)?

b) As the company has pointed out, “online channels are unhindered by national barriers”. How does the group ensure that the products that are sold meet the local regulatory requirements of the customers?

- c) The specialty pharmaceutical and the nutraceutical segments are different in terms of marketing channels, distribution and network. **What are the expertise or experience in the group that would allow the group to successfully grow the new nutraceutical business?**

Q3. As disclosed in the Corporate Governance Report (page 29), a sum of \$130,000 was paid to Centrum Capital Pte. Ltd. for the provision of consultancy services to the group. The company's non-executive director, Mr. Albert Ho Shing Tung, is a director and shareholder of Centrum Capital Pte. Ltd.

- a) **Can shareholders understand the nature and range of consultancy services provided by Centrum Capital?**

As noted on Centrum Capital's website, Mr Low Weng Keong serves on the Advisory Committee of Centrum Capital (<http://www.centrumcapital.com/low.html>).

- b) **As Mr Low is an independent director of the company, would Mr Low be put in a position where he is frequently asked to review the work of Centrum? As an independent director of the company, how does Mr Low mitigate the risk of potential conflict of interest, self-review or advocacy threats?**

A copy of the questions for the Annual Report for the financial year ended 30 June 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=iX%20Biopharma%20Ltd>

The company's response could be found here:

https://sias.org.sg/media/qareport/company_response/1478156163_iX_Responses-to-SIAS-Questions.pdf