

IX BIOPHARMA LTD

(IXBIO SP / 42C.SI)

EUA & USA Growth Beckons

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Investment Highlights

- **Wafermine® Emergency Use Authorization (EUA) pathway at final regulatory step.** A US emergency declaration published on 3 September 2026 allows FDA to consider drugs for moderate-to-severe acute pain in military casualties. iX expects to complete its Wafermine EUA submission by 4Q26. If FDA grants it, Wafermine could be supplied to US military personnel from 2027, well before full FDA approval.
- **Phase 3 derisked with Department of War (DoW) funding.** In February 2026, iX received a sole-source US\$40.95mn DoW award to fund Wafermine's EUA work and Phase 3 programme. Sole-source awards are made when the US Government determines that only one supplier can meet its requirement. The funding lets iX keep full ownership of Wafermine through Phase 3 and approach partners with late-stage data, which should command better licensing terms.
- **Policy support for non-opioid pain treatment.** According to the CDC, opioids were involved in c.64% of the 69,973 US drug-overdose deaths in 2025 and FDA has issued guidance to encourage non-opioid pain medicines. DelveInsight expects the seven-major-market acute-pain market to grow from US\$4.5bn in 2025 to US\$15.5bn by 2036.
- **Compounding pharmacy offers immediate monetisation.** Through Ligo, iX has a portfolio of about 40 sublingual wafer products, which management says are ready for compounding without further clinical work, to US compounding pharmacies. These span men's and women's health, weight management and longevity. The company estimates the US compounding market at US\$10.7bn by 2033. Management expects B2B sales to begin in 1Q CY2027, and we forecast c.\$20mn of compounding revenue in FY28F.

Valuation & Action.

We initiate coverage on iX Biopharma with an **OUTPERFORM** rating and a 12-month target price of **\$1.17**, based on SOTP, implying 120.8% upside from the \$0.53 last close.

Risks.

Key downside risks include (i) Phase 3 failure or delay; (ii) FDA declining or delaying the EUA; (iii) a licence deal on weaker terms or later than we assume; (iv) a slower-than-expected compounding ramp-up; and (v) Ligo execution and further equity dilution.

OUTPERFORM

Last close (\$\$)	0.53
12M Target Price (\$\$)	1.170
Previous TP (\$\$)	-
Previous Recommendation	-
Upside / (Downside) (%)	120.75

TRADING DATA

Market Cap (\$\$mn)	579.46
Issued Shares (mn)	1,093.32
3M Avg Daily Vol (mn)	17.89
3M Avg Daily Val (\$\$mn)	9.22
Free Float (%)	69.98

MAJOR SHAREHOLDERS (%)

Lee Yip Hang Eddy	22.82
Oversea-Chinese Bank	5.04

Financials & Key Operating Statistics

YE Jun (\$\$'mn)	2025	2026	2027F	2028F	2029F
Revenue	7.8	6.9	14.9	54.9	194.8
PATMI	(10.1)	(8.0)	(8.5)	(0.3)	138.9
EPS (\$\$ cents)	(1.16)	(0.83)	(0.78)	(0.02)	12.61
EPS growth (%)	n.m.	n.m.	n.m.	n.m.	n.m.
Net Profit Margin (%)	(130.6%)	(116.6%)	(57.1%)	(0.5%)	71.3%
Net Gearing (%)	1379.7%	(58.0%)	14.9%	68.9%	(89.5%)
P/E (x)	n.m.	n.m.	n.m.	n.m.	4.2x
P/B (x)	68.1x	26.0x	65.7x	51.9x	3.8x

Source: Company data, KGI Research estimates

Table of Contents

Company Background	3
WaferiX and WaferlogiX technology	5
Investment Thesis	7
Valuation	9
Wafermine clinical evidence and development plan	12
Industry, policy and competitive landscape	14
Ligo and US compounding pharmacy opportunity	16
Financial review and forecasts	18
Key Risks	22
Financial Summary	24
KGI's Ratings	25
Disclaimer	25

Company Background

iX Biopharma Ltd. (SGX: 42C) is an SGX-listed specialty pharmaceutical company with expertise in novel drug delivery systems and drug repurposing. Its proprietary WaferiX and WaferlogiX platform enables rapid, effective sublingual dosing for pharmaceuticals and nutraceuticals. The Group develops, manufactures and commercialises innovative therapies for the treatment of acute and breakthrough pain and other health conditions.

In the past year, iX has pivoted its focus to the U.S. healthcare market to harness the opportunities with its patented sublingual technology. Here are the key milestones:

- November 2025** - Signed a non-binding term sheet with FDA-licensed Orion Specialty Labs (“Orion”) to establish a manufacturing and commercialisation base in the U.S. By partnering Orion and tapping into its 503B and 503A compounding networks serving hospitals, clinics, and telehealth channels across the U.S., iX will benefit from speed to market and have a clear pathway to monetise its WaferiX® portfolio, without the need for additional further clinical trials, conserving time and resources. The U.S. compounding market, worth US\$6.3 billion in 2024, is projected to exceed US\$10 billion by 2033, driven by telehealth and personalised medicine.
- February 2026** - Awarded a US\$40.95 million development contract by the United States Government to fund the development of Wafermine®, its patented sublingual ketamine wafer for the treatment of acute moderate to severe pain. Wafermine®, the world’s first patented sublingual racemic ketamine wafer, is designed to deliver rapid pain relief without injections, which are particularly relevant in emergency, battlefield and remote care settings. Wafermine® has been supplied to hospitals and registered pharmacies across Australia since 2014 under a regulatory exemption for specialist use.
- May 2026** - Announced an intra-group reorganisation to create a focused platform, under Ligo Pharma Pte Ltd (Ligo), to accelerate commercialisation of the Group’s sublingual technology in the U.S. Consolidating its consumer health assets, including its Australian and Hong Kong subsidiaries, approximately 40 WaferiX-based formulations and planned DTC telehealth platform, which will serve as iX’s dedicated vehicle for the U.S. consumer health market, while Wafermine®, its regulatory assets and DoW contract remain with iX.
- June 2026** - Announced the relocation of one of the Company’s freeze dryers, packaging line, dispensing table and ancillary equipment manufacturing equipment from its facility in Croydon, Australia to Orion’s 503B-licensed facility in Nevada, United States of America. Establishing U.S.-based manufacturing is required to fulfil the Wafermine® government contract, while relocating production early will accelerate the commencement of U.S. manufacturing, mitigate the impact of tariffs that make continued supply from Australia commercially unviable, and improve service levels while reducing costs.
- September 2026** - Announced that the US Government has opened an emergency use pathway for drugs to treat moderate-to-severe acute pain in military casualties, clearing the way for the Company to advance its Wafermine® Emergency Use Authorization (EUA) submission to the FDA. Together, the DoW Award and the Declaration bring the funding, development programme and regulatory pathway into alignment, materially advancing and de-risking Wafermine®. Declarations under this military pathway are extremely rare. Based on publicly available US Federal Register records, the only previous declaration was made in July 2018, in respect of freeze-dried plasma for the treatment of uncontrolled haemorrhage in combat casualties.

Business segments

- Specialty Pharmaceuticals (Pharma)** — primary business activities are the development and manufacturing of products, and sales of pharmaceutical and medicinal cannabis products.
- Nutraceuticals (Nutra)** — primary business activities are the sale of nutraceutical (wellness) products.

Figure 1: Proposed post-restructuring structure

Listed parent — iX Biopharma	Proposed Ligo business
Wafermine intellectual property	Consumer-health products
Wafermine clinical and regulatory programme	Nutraceutical portfolio
DoW development contract	Medicinal-cannabis operations
EUA and 505(b)(2) NDA pathways	US compounding opportunity
Future out-licensing or sale proceeds	Potential DTC telehealth platform

Source: Company, KGI Research

Management expects iX to retain control of Ligo, but structural framework and key commercial terms have not been announced. The November 2025 proposal had iX owning 75% of a separate joint venture, while the May 2026 restructuring named GLD Partners as a potential co-shareholder. Pending definitive terms, we assume a 75% economic interest.

WaferiX and WaferlogiX technology

A porous sublingual delivery matrix

WaferiX is a drug delivery for small molecule drugs. It uses a proprietary freeze-drying process to create a porous, amorphous and non-ionic wafer matrix containing an active ingredient. Once placed under the tongue, the wafer rapidly disintegrates and releases the active ingredient.

Molecules suitable for transmucosal absorption may then enter the systemic circulation through the oral mucosa, reducing exposure to gastrointestinal degradation and hepatic first-pass metabolism. In layman terms, the active ingredient (or medicine) can then be absorbed directly through the tissues under the tongue into the bloodstream, helping it avoid being broken down in the stomach and liver before reaching the body.

The potential benefits are faster absorption, higher bioavailability, lower dose variability and easier administration. A solid wafer is also easier to carry and administer rather than an injection or liquid, which matters for Wafermine's military use, where treatment may be needed before intravenous access is available.

Notably, WaferiX's non-invasive administration offers a more convenient and patient-friendly alternative to invasive methods, avoiding the discomfort and complications associated with injections or other invasive procedures.

WaferlogiX extends the approach to biologics and peptides

WaferlogiX applies a related delivery concept to peptides and biologics, which are generally more vulnerable to gastrointestinal degradation and frequently require injection. The company's best-known programme in this category is iXB401, a sublingual semaglutide formulation.

iX reported c.20x the bioavailability of an oral comparator for iXB401 in preclinical studies, with lower variability. This has not been shown in humans; a human pharmacokinetic study and a clear IP strategy are needed before we assign material value.

Management's nearer-term compounding plans instead rely on iXB402, which uses off-patent actives. We view this as more realistic given FDA's enforcement stance on mass-marketed compounded GLP-1 products.

Human validation is strongest for Wafermine

The Company has tested absorption and pharmacokinetics (PK) in humans across numerous active drug compounds, including buprenorphine, ketamine and dexmedetomidine. Wafermine® has completed seven clinical studies involving 320 participants, including a Phase 2b study on safety and efficacy. One of these, a published Phase 1 study in eight healthy male participants reported absolute bioavailability of approximately 29% for a 25mg sublingual ketamine wafer. Ketamine was first quantifiable in plasma within five minutes, while median time to maximum concentration was approximately 0.75 hours. The formulation was reported to have good local tolerability. This study shows that the wafer can deliver ketamine rapidly. While clinical data are most advanced for Wafermine® and other formulations remain at earlier stages, this human evidence reduces platform risk relative to a technology supported only by laboratory testing.

Figure 2: Comparison of delivery method

Step	Conventional swallowed dose	Wafer placed under the tongue
1. Dosage form	Tablet or capsule	Rapidly disintegrating wafer
2. Absorption site	Stomach and intestine – dissolution and GI exposure	Sublingual mucosa – absorption across vascular tissue
3. Liver	First-pass metabolism before reaching circulation	Largely bypassed (drains to systemic veins)
4. Outcome	Systemic circulation, after first-pass loss	Systemic circulation – potentially faster onset and less first-pass loss

Source: KGI Research

Intellectual-property position

Management cites several granted US patents covering its fast-dissolving wafer, formulations and manufacturing methods, including US10,744,086, US10,857,097, US11,975,097 and US12,186,426. Public databases show anticipated or adjusted expiries of 2030-32. On our timeline NDA approval would come in 2029-30, leaving a short patent runway at launch. Our licence valuation assumes market exclusivity to 2037, five years after approval plus a three-year extension, reflecting the difficulty of replicating the freeze-dried wafer formulation. After that, licensee sales fall 50% in the first year and c.10% a year thereafter. Royalties run to 2039 under a fixed royalty term from first sale.

Effective protection depends on claim scope, maintenance, patent-term adjustments and continuation filings, and the patents may not block every sublingual ketamine product for acute pain.

Protection beyond the base patent terms could come from patent-term restoration, three-year 505(b)(2) new-clinical-investigation exclusivity, continuation filings, manufacturing know-how and fixed royalty terms in a licence. None should be assumed without patent-level legal analysis.

Investment Thesis

DoW funding de-risks financing

The US\$40.95mn DoW contract removes one of the largest risks for a pharmaceutical/biotech company: funding Phase 3 trials. The contract covers the EUA workstream and Phase 3 over a 36-month period, and iX recognised S\$1.25mn of development-services revenue in FY26 as work was performed.

For shareholders, the key benefit is that iX does not need to give away Wafermine economics to fund Phase 3. iX can leverage on Phase 3 data, FDA interaction and possibly an EUA, to unlock more value than a Phase 2-stage deal.

Because the award reimburses costs as work is performed, we treat it as cost recovery rather than cash on hand. Management books Wafermine Phase 3 costs in R&D and has indicated a modest undisclosed margin; we assume 90% of the funding is spent on Phase 3, leaving a 10% retained margin. We recognise the contract as S\$9.1mn in FY27F, S\$29.0mn in FY28F and S\$14.8mn in FY29F, in line with management's phasing. Termination provisions and the itemised budget have not been disclosed. The February 2026 award announcement indicates that post-approval procurement may form a separate follow-on requirement, and the FY26 results describe the programme as also funding DoW product purchases under an EUA.

Figure 3: DoW contract and EUA milestones

Step	Stage	Date	Status	What it means
1	DoW development contract	Feb 2026	Completed	Sole-source US\$40.95m award funds EUA work and Phase 3
2	Secretary of War determination	15 Jul 2026	Completed	Military emergency determination under FD&C Act s.564(b)(1)(B)
3	HHS section 564 declaration	31 Aug 2026 (published 3 Sep 2026)	Completed	Enables FDA to consider EUA requests; not a product authorisation
4	Wafermine EUA submission	Target Oct-Dec 2026	Pending	Company-guided submission to FDA
5	FDA EUA decision	Product-specific	Pending	FDA may grant, delay, condition or refuse
6	Military procurement	Separate contract	Not contracted	Follow-on procurement is a separate future requirement

Source: Company, KGI Research

The EUA is an earlier route to validation

The military EUA pathway permit limited use before completion of the FDA process. The September 2026 declaration specifically covers drugs identified and supported by the US defence authorities for moderate-to-severe acute pain arising from military threats and combat-related agents. Wafermine's portability, rapid sublingual delivery and non-invasive administration align with that use case.

An EUA would bring regulatory validation, real-world safety data and a stronger negotiating position with partners and could allow initial military use while Phase 3 and the 505(b)(2) compounding pharmacy programme proceed in parallel.

The declaration is an important hurdle for EUA to be granted and such declarations under this military pathway are extremely rare. Based on publicly available US Federal Register records, the only previous declaration was made in July 2018, in respect of freeze-dried plasma for the treatment of uncontrolled haemorrhage in combat casualties.

FDA must issue a product-specific authorisation and can condition, revise or revoke it, and supply volumes under the EUA will be set by the DoW within the contract. We do not forecast EUA supply as a separate revenue line; it is instead accounted for within the US\$40.95mn contract value. We also assume no military revenue after the contract ends in FY29F, as continued purchases after FDA approval are uncertain; any follow-on procurement would be upside to our forecasts.

Potential of its sublingual technology platform (non-invasive in delivery)

Wafermine is the most clinically advanced demonstration of WaferiX. The published Phase 1 pharmacokinetic study provides human evidence of rapid absorption, and the Phase 2b postoperative-pain study provides placebo-controlled efficacy evidence. Management reported a pooled 75mg effect size of 0.65 with $p=0.009$ that highlights progression.

The sublingual technology platform could potentially be applied to established drugs where existing oral or injectable/invasive delivery is inconvenient or inefficient, enabling drug repurposing into effective sublingual treatments that expand access and unlock new therapeutic opportunities. This approach opens access to potential addressable products span pain, central-nervous-system disorders, metabolic health, men's health, peptides and consumer wellness.

We therefore treat platform value as option value only. Human validation of a ketamine wafer does not validate semaglutide, other peptides or nutraceutical efficacy, so we do not apply a technology multiple to the c.40 compounding-ready formulations. We do not value WaferlogiX separately: management does not expect an out-licensing deal, so we capture WaferlogiX-based formulations, along with the other formulations, only through Ligo's compounding revenue.

Ligo provides a faster route to commercial revenue in the US via compounding pharmacy strategy

Ligo is intended to combine iX's formulation library and manufacturing know-how with US compounding pharmacy, physician access and ultimately telehealth distribution. Unlike an approved-drug pathway, eligible compounded products may reach patients without a conventional New Drug Authorization, potentially allowing earlier revenue and generation of real-world data.

Under its compounding pharmacy strategy, iX has established a partnership with Orion 503B compounding facility to potentially benefit from speed to market with market-leading, differentiated products to patients in the United States to address high-demand, needle-free, fast-acting therapies and have a clear pathway to monetise its WaferiX® portfolio.

Based on our channel findings, we believe the likely strategy from the Company provides a considered and measured approach to progressing the strategy: establish B2B pharmacy sales for 12-18 months, evaluate demand and economics, and subsequently scale into DTC telehealth. This approach reduces customer-acquisition risk and allows iX to identify which formulations attract repeat prescriptions before committing substantial marketing expenditure. We do not include DTC telehealth in our forecasts, as management sees it as a longer-term option.

Key milestones remain before Ligo's value can be confirmed: definitive ownership and funding terms, FDA inspection (pending as of 8 September 2026, with supply able to begin beforehand) and confirmation of product eligibility under federal and state compounding rules. As Ligo will not be reported as a standalone segment, we will track progress through B2B order disclosures. We value Ligo within our commercial DCF at a 75% economic interest and will revisit as the joint venture closes, production is validated and recurring B2B orders are reported.

Creating a Compelling M&A Proposition for Big Pharma

Large pharmaceutical companies are allocating capital to non-opioid pain assets, where the non-opioid pain market is estimated at US\$14 billion annually. Lilly agreed to acquire SiteOne Therapeutics for up to US\$1.0bn, including its Phase 2-ready Nav1.8 programme, while AbbVie licensed pain programmes from Haisco for US\$30mn upfront and up to US\$715mn in milestones (Figure 6). These deals show strategic appetite for differentiated pain mechanisms.

With the sole-source award granted by the U.S. Government, a transaction for Wafermine before Phase 3 completion is possible following the EUA or favourable FDA feedback.

Valuation

We value iX Biopharma using a sum-of-the-parts (SOTP) methodology. Earnings multiples are not meaningful: the group is loss-making in FY27F, and FY29F-FY30F profits are dominated by non-recurring Wafermine licence receipts. We value the recurring commercial operations by DCF, including the DoW contract and EUA supply to the US military at a 13.2% WACC (2.5% terminal growth), and value Wafermine's civilian out-licensing rights separately by NPV at a 12% discount rate. All components are taxed at 17% and rolled forward at the 13.2% cost of equity to our 12-month target. Our forecast assumes Phase 3 success, NDA approval, the EUA and licence signing with only their timing modelled, as shown in Figure 10.

Our variant view is that the market is not yet paying for the full potential of Wafermine. Holding all other SOTP components at our values, the S\$0.53 share price implies a civilian licence worth only c.42% of our estimate, equivalent to c.US\$317mn of peak civilian sales against our US\$1.0bn assumption. In other words, the shares price in the upfront and approval payments but only the first of four sales milestones (Figure 7).

Wafermine's civilian out-licence contributes S\$1,037.8mn, or c.94% of equity value. The commercial DCF contributes S\$83.9mn before a S\$26.8mn deduction for the 25% Ligo non-controlling interest. The NCI is struck on Ligo's standalone value of S\$107.3mn, which exceeds the group commercial DCF because listed-company overheads stay with the parent. About 76% of commercial EV is terminal value, but because the commercial business is under 10% of our SOTP, the target price is far more sensitive to Wafermine than to long-run growth or margins.

Our 12-month target price is S\$1.17 per share: equity value of S\$1,105.4mn (S\$1.003 per share) on 30 June 2026, rolled forward 1.25 years at the 13.2% cost of equity. Net cash of S\$10.4mn includes S\$1.5mn of warrant proceeds received in July 2026 and is stated after lease liabilities.

Valuation methodology

- **Primary methodology:** SOTP of (i) the commercial business by DCF, including the DoW contract (with EUA supply, at a 10% retained margin) and Ligo; (ii) Wafermine's civilian out-licence (NPV); and (iii) net cash, less the Ligo NCI.
- **Key assumptions:** a US\$1.1bn headline licence signed in 2H CY2028 after Phase 3 data: 10% upfront, 15% on FDA approval and 75% in four sales milestones at US\$250mn, US\$500mn, US\$750mn and US\$1.0bn of licensee sales. Also: a 17% royalty on US\$1.0bn of peak civilian sales (c.67mn wafers a year at US\$15); market exclusivity to 2037 and royalties to 2039. Finally, DoW contract revenue of S\$9.1mn/S\$29.0mn/S\$14.8mn in FY27F-FY29F, including EUA supply, with no military revenue thereafter; compounding from 1Q CY2027, rising to S\$65.0mn by FY31F; no DTC telehealth or Waferlogix licence; and no acquisition premium.
- **Cross-check:** Implied Wafermine value benchmarked against Lilly-SiteOne (up to US\$1.0bn) and AbbVie-Haisco (US\$30mn upfront; up to US\$715mn in milestones), recognising that these are novel-mechanism assets (Haisco's are preclinical to Phase 1) and not direct comparables.

Figure 4: SOTP valuation framework

Component	S\$m	S\$/share
Commercial business (DCF, fade to FY36F)	83.9	0.076
Less: non-controlling interest in Ligo	(26.8)	-0.024
Wafermine civilian out-licence	1,037.8	0.942
Net cash	10.4	0.009
Equity value at 30 Jun 2026	1,105.4	1.003
Roll-forward to 12-month target date (at cost of equity)		1.17x
12-month target price (S\$)		1.17
Upside / (downside) to current price		120.8%

Source: Company, KGI Research estimates

Figure 5: Selected strategic non-opioid pain transactions

Acquirer / licensee	Target / licensor	Asset and stage	Upfront	Total potential value
Eli Lilly	SiteOne Therapeutics	Acquisition incl. Phase 2-ready Nav1.8 programme	Not separately disclosed	Up to US\$1.0bn
AbbVie	Haisco	Licence of pain programmes	US\$30m	Up to US\$715m in milestones

Source: Company announcements, KGI Research. Note: Not direct Wafermine valuation comparables.

Sensitivity analysis

With no probability weighting in our valuation, we show the key sensitivities directly. Peak civilian sales is the largest driver: at US\$400mn our target price falls to S\$0.58 and at US\$750mn to S\$0.95, while at US\$1.4bn it rises to S\$1.39 (Figure 7). Deal terms matter next. A 25% higher headline (US\$1.375bn) would lift our target price to S\$1.33, and a 25% lower headline (US\$825mn) would cut it to S\$1.01. The discount rate matters less: a 100bp change in the licence discount rate moves our target price by c.S\$0.07 (S\$1.24 at 11%, S\$1.11 at 13%). Terminal growth has little effect, as the commercial DCF is under 10% of our SOTP.

Figure 6: Peak civilian sales

Licensee peak civilian sales (US\$m)	400	500	750	1,000	1,400
Licence NPV (S\$m)	478.6	608.7	824.0	1,037.8	1,240.3
12-month target price (S\$)	0.58	0.72	0.95	1.17	1.39
Upside / (downside) to current price	9%	35%	78%	121%	162%

Source: KGI Research

Figure 7: Key valuation assumptions

	Value
Civilian licence headline value (US\$m)	1,100
Licensee peak civilian sales (US\$m)	1,000
Royalty rate to iX	17%
Wafermine DoW contract revenue, FY27F–FY29F (S\$m)	52.9
US compounding revenue, FY31F (S\$m)	65.0
Retained margin on DoW contract revenue	10%
iX economic interest in Ligo	75%
12-month target price (S\$)	1.17
Upside / (downside) to current price	120.8%

Source: KGI Research

What could close the gap to our target price

- **EUA grant:** an EUA would start military supply within the DoW contract and validate Wafermine's battlefield use case. Follow-on procurement beyond the contract would be upside, as we forecast no military revenue after FY29F.
- **Positive Phase 3 topline data (2028):** the key event for the civilian licence. We estimate the licence would be worth c.S\$1.22 per share on the day a deal is signed after positive data.
- **Licence signing on our terms or better:** every US\$250mn on the headline adds c.S\$0.15 to our target price.
- **Faster Ligo uptake, and pipeline value we do not include:** Wafermine in CRPS and the dexmedetomidine wafer.

Valuation risks

The SOTP rests on assumptions that cannot yet be observed: Wafermine's civilian licence makes up c.94% of equity value. The target price is particularly sensitive to Phase 3 results, licensing terms and peak sales, the compounding ramp-up and Ligo's ownership structure. Positive Phase 3 results or a strategic transaction would support our valuation, while clinical failure, an unsuccessful EUA application or weaker licensing economics would result in significant downside.

Wafermine clinical evidence and development plan

Evidence accumulated to date

Wafermine is supported by seven clinical studies in 320 human participants including human pharmacokinetic data, a placebo-controlled Phase 2b study in postoperative pain. It also has supportive real-world experience from Australia. Figure 9 summarises each dataset, how we interpret it and its principal limitation.

Figure 8: Wafermine evidence to date

Evidence	Principal finding	Investment interpretation	Limitation
Phase 1 pharmacokinetics	Approximately 29% absolute bioavailability; measurable plasma levels within five minutes; median Tmax 0.75 hours	Supports rapid sublingual delivery	Company is conducting a further PK study on a 75mg wafer.
Phase 2b postoperative pain	Effect sizes of 0.76 for abdominoplasty and 0.84 for bunionectomy (pooled effect size of 0.65), p=0.009	Statistical significant, with large effect sizes in both surgical models. Supports further development into Phase 3.	Efficacy must be replicated in the larger Phase 3
Planned Phase 3	Based on agreement at End of Phase 2 Meeting with FDA, Phase 3 uses the same surgery models and SPID12 endpoint as Phase 2; approximately 450 patients across two studies	Reduces design uncertainty	Final design remains subject to FDA Type C meeting

Source: Company, KGI Research

Phase 2b supports replication

Management explained that the pooled effect size of 0.65 and the individual model effect sizes of 0.76-0.84 reflect different analysis populations from the same Phase 2b dataset. Pooling the two surgical groups increases variability because their placebo responses differ, producing a numerically lower combined effect size.

The separate-model results may be more relevant to Phase 3 because the two surgery models are expected to be studied independently. We therefore show the publicly reported pooled result and attribute the model-specific figures to management, as the detailed locked statistical outputs have not been published.

Planned pivotal design

Management currently expects approximately 450 patients across two Phase 3 studies using the same bunionectomy and abdominoplasty pain models. The planned primary endpoint is SPID12, the Sum of Pain Intensity Difference over 12 hours. No active opioid comparator is currently planned.

A 12-hour endpoint may align with battlefield use during the early casualty and evacuation period. For the wider civilian acute-pain market, however, it provides less information about durability than the 48-hour endpoints used in Journavx's pivotal programme. The lack of an active comparator may also limit iX's ability to make comparative efficacy claims against opioid treatment.

The pivotal trials are expected to take approximately ten months from commencement to topline data, with commencement planned for 2027 and completion in 2028. The broader 36-month DoW period also covers EUA, CMC and Phase 3-enabling activities. iX has not yet applied for an expedited FDA designation; management is exploring possible routes.

EUA pathway

The military-emergency EUA route has completed its enabling legal steps (Figure 4), and the Company anticipates completing the Wafermine® EUA submission by 4Q2026.

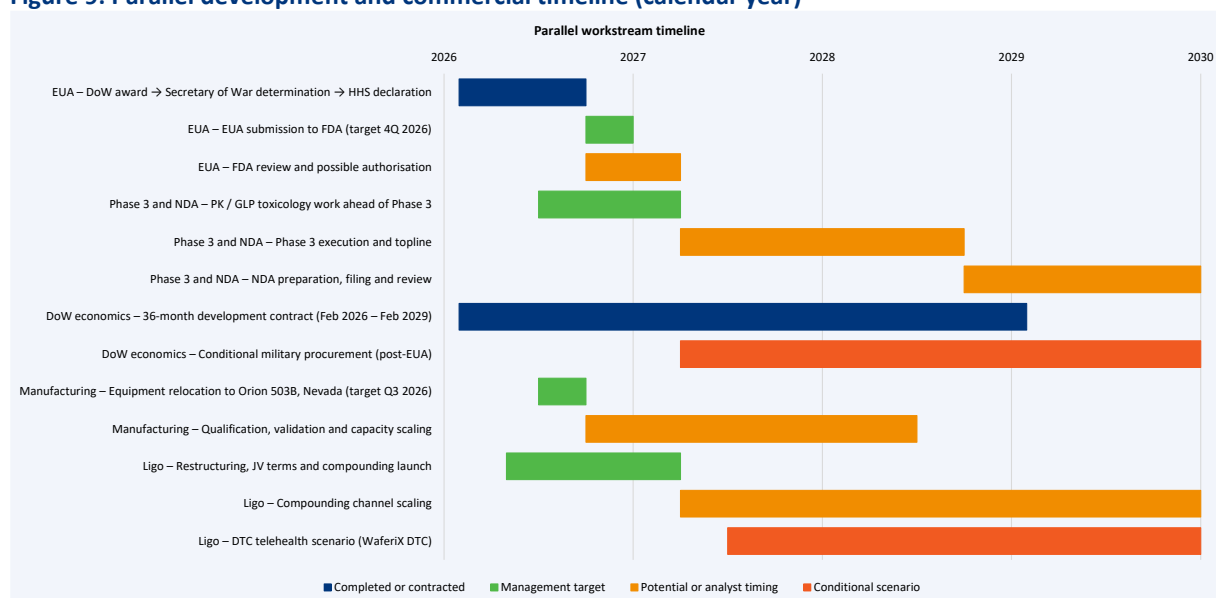
Phase 3

The Phase 3 programme is expected to proceed under the 505(b)(2) NDA pathway, which permits FDA to rely partly on existing information not generated by the applicant, including published literature and previous findings concerning an approved active ingredient. The proposed sequence is to:

- complete pharmacokinetic, toxicology and Phase 3-enabling work;
- hold the FDA Type C meeting;
- commence two Phase 3 studies;
- report pivotal data;
- prepare and submit the 505(b)(2) NDA;
- complete FDA review and manufacturing inspection; and
- review out-license or trade sale options/strategy.

An EUA may operate alongside this programme but does not replace it. We therefore treat the EUA as an earlier, restricted military route and the NDA as the basis for broader civilian value.

Figure 9: Parallel development and commercial timeline (calendar year)



Source: Company, KGI Research

Other pipeline assets are not in our valuation

We ascribe no value to two further programmes. First, the FDA granted Wafermine orphan-drug designation for complex regional pain syndrome (CRPS) in May 2021. The designation would bring seven years of US market exclusivity for that indication on approval, but iX has not announced a CRPS trial and all current funding is directed at acute pain. Second, a sublingual dexmedetomidine wafer completed a 14-subject Phase 1 pharmacokinetic study in February 2023, reporting 70-80% absolute bioavailability, with dementia-related agitation as the target indication. iX has not announced a Phase 2 start, and the programme would face BioXcel's sublingual dexmedetomidine film (Igalmi), which is already approved in another agitation indication and is being developed for agitation in Alzheimer's dementia. We would add value for either programme once it is funded, partnered or in a clinical trial.

Industry, policy and competitive landscape

Market size & growth

Acute pain is one of the largest areas of unmet need in medicine. DelveInsight estimates that the acute-pain treatment market across the seven major markets (7MM) was approximately US\$4.5bn in 2025 and could reach US\$15.5bn by 2036, a CAGR of 12% over 2026-2036, driven by novel non-opioid therapies. The US accounted for around 87.4m incident acute-pain cases in 2025. Estimates of market size vary widely by definition, and we treat these figures as indicative rather than as inputs into our valuation.

Journavx's early uptake provides a more tangible indicator of demand. In 2Q26, Vertex reported US\$50mn of Journavx revenue, up 71% QoQ, with c.535,000 prescriptions filled across hospital and retail settings. Physicians, patients and payers will adopt a differentiated non-opioid acute-pain medicine, but the scale is instructive: some 18 months after launch, the approved and uncontrolled class leader runs at c.US\$200mn annualised, against the US\$1.0bn peak licensee sales we assume for Wafermine. Reaching it would require around five times Journavx's current run-rate, which is why peak sales is the most important sensitivity in our valuation.

Figure 10: Acute-pain market: key indicators

Indicator	Value
7MM acute-pain treatment market, 2025	US\$4.5bn
7MM acute-pain treatment market, 2036F	US\$15.5bn
Forecast CAGR, 2026–2036	12%
US acute-pain incident cases, 2025	~87.4m
Journavx revenue, 2Q26 (QoQ growth)	US\$50m (+71%)
Journavx prescriptions filled, 2Q26	~535,000
US overdose deaths, 12 months to Mar-26 (YoY)	67,798 (-12.3%)

Source: DelveInsight, Vertex, CDC, KGI Research

Continued US policy support for non-opioid pain treatment

The US Government continues to support the development and adoption of non-opioid pain treatments. FDA approved Journavx in January 2025 as the first medicine in a new class of non-opioid treatments for moderate-to-severe acute pain. CMS also provides temporary separate payment for qualifying non-opioid pain treatments in certain hospital-outpatient and ambulatory-surgery settings through 2027. Wafermine would need to satisfy the applicable product and indication criteria and would not qualify automatically.

CDC estimated 67,798 US drug-overdose deaths in the 12 months ended March 2026, representing a 12.3% YoY decline. Although the direction is encouraging, the absolute number remains high and continues to support policies intended to reduce unnecessary opioid exposure.

Competitive landscape

Vertex's Journavx (suzetrigine) became the first approved Nav1.8 inhibitor for moderate-to-severe acute pain in adults in January 2025. The continued advancement of clinical development and competition further underscores the significant potential of the non-opioid pain treatment market: Latigo's Onzotrigine, previously LTG-001, reported positive Phase 2 results in acute postoperative pain and is planned to begin Phase 3 in 2H26.

Notably, Wafermine® differentiates itself through a distinct mechanism of action from the inhibitor-based approaches of Journavx, with clinical data demonstrating superior efficacy and positioning Wafermine® as a potentially differentiated non-opioid treatment for acute pain.

Wafermine's most defensible differentiation may be operational as well as clinical: a rapidly absorbed, portable formulation that does not require an injection, intravenous access or specialised equipment. This is particularly relevant

in military and pre-hospital settings. In the civilian market, comparative efficacy, duration of effect and reimbursement will become increasingly important.

Figure 11: Acute-pain competitive matrix

Product	Mechanism and route	Status	Principal differentiation	Key limitation
Wafermine (iX)	Sublingual racemic ketamine; NMDA antagonist	Phase 2b completed; Phase 3 planned	Rapid, portable, needle-free delivery; DoW-supported programme	Phase 3 outstanding; Schedule III; patent duration
Journavx (Vertex)	Oral suzetrigine; Nav1.8 inhibitor	FDA approved (Jan-25)	First approved medicine in its class; growing reimbursement	Established incumbent; not a limitation for Vertex but a competitive threat to iX
Onzotrigine (Latigo)	Oral selective Nav1.8 inhibitor	Phase 2 study in abdominoplasty only completed; Phase 3 planned 2H26	Positive acute-pain and opioid-sparing data reported	Remains investigational; not yet tested in a bunionectomy (bone pain) model

Source: Company, KGI Research

Regulatory considerations

Wafermine® faces two regulatory gates. In the near term, military use depends on FDA granting an EUA following the Company's planned submission; the EUA has not been granted, and any authorisation would be limited to the declared military emergency use. Broader civilian use requires full FDA approval through a Section 505(b)(2) New Drug Application. This route allows iX to rely in part on FDA's existing findings of safety and efficacy for approved ketamine, so the application can focus on bridging data and the planned Phase 3 programme rather than a full development package. As ketamine is a Schedule III controlled substance, manufacturing, distribution and prescribing of Wafermine® will also be subject to DEA controls.

Unlike Wafermine's Phase 3 program, Ligo's compounding strategy operates under a separate regulatory framework under the FDA. We set out the Section 503A and 503B framework, and the position of Ligo's manufacturing partner Orion Specialty Labs as a registered 503B outsourcing facility, in the Ligo section below. Compounded medicines are not FDA-approved and must not be promoted as approved generics. FDA has also tightened scrutiny against mass-marketed non-approved compounded GLP-1 products, which is why we do not assume near-term compounded semaglutide revenue.

Ligo and US compounding pharmacy opportunity

Ligo is iX's route to sell selected WaferiX and WaferlogiX formulations in the US without a full NDA programme for each product, using the compounding pharmacy framework where the active ingredient and formulation qualify. It offers an earlier commercial proof of concept: physician adoption, pricing, repeat demand and manufacturing economics.

The framework shortens the route to market for qualifying formulations, but not the rules on eligibility, manufacturing quality, prescribing and distribution.

503B provides a potentially more scalable B2B route

The US compounding market operates principally through Sections 503A and 503B of the Federal Food, Drug, and Cosmetic Act. Section 503A generally covers traditional pharmacies compounding medicines pursuant to patient-specific prescriptions, while registered Section 503B outsourcing facilities may manufacture qualifying compounded drugs without first receiving prescriptions for identified individual patients. This allows 503B facilities to supply healthcare providers for office stock, potentially supporting a more scalable B2B distribution model.

The regulatory burden is correspondingly higher. 503B outsourcing facilities are subject to current good manufacturing practice requirements, FDA registration, product and adverse-event reporting requirements and FDA inspection. Registration as a 503B outsourcing facility also does not constitute FDA approval of either the facility or the compounded products it manufactures. Registered outsourcing facilities may begin compounding and supplying before their first FDA inspection, the timing of which FDA sets based on its own risk priorities. A completed inspection can then support licensing in states that ask for an inspection report and give healthcare-provider customers further assurance on quality.

Figure 12: 503A vs 503B compounding framework

	503A pharmacy	503B outsourcing facility
Primary model	Traditional compounding pharmacy	Bulk outsourcing facility
Patient-specific prescription	Generally required	Not required
Office-stock supply	More restricted	Permitted for qualifying products
CGMP requirements	Exempt if statutory conditions met	Applicable
FDA registration as outsourcing facility	No	Yes
FDA product reporting	No equivalent 503B requirement	Required
Relevance to Ligo	Potential downstream dispensing	Potential B2B manufacturing and supply route

** Orion: registered 503B outsourcing facility; FDA status as of 8 Sep 2026: not yet inspected.*

Source: FDA, KGI Research

Orion is a vital manufacturing partner

Ligo's proposed US commercialisation is expected to rely on Orion Specialty Labs for manufacturing. Orion is registered with FDA as a Section 503B outsourcing facility, potentially providing Ligo with a route to manufacture qualifying wafer formulations for supply to US healthcare providers. We view Orion as an important execution dependency because the commercial opportunity requires iX's formulation technology to be translated into repeatable, compliant US production at commercially viable economics.

Not every formulation is automatically eligible

The addressable opportunity is not every molecule that can technically be formulated using WaferiX or WaferlogiX. Eligibility for compounding must be assessed separately for each active ingredient and formulation, and federal rules restrict compounded products that are essentially copies of commercially available approved drugs.

This is particularly relevant to commercially attractive categories such as GLP-1 therapies. FDA has increased scrutiny of non-approved compounded GLP-1 products and proposed excluding semaglutide, tirzepatide and liraglutide from the Section 503B bulks list. We therefore do not assume that the technical ability to formulate a molecule into a wafer necessarily translates into a commercially addressable compounded product.

B2B first, with DTC providing longer-term optionality

We expect Ligo's initial commercial model to focus on B2B distribution through pharmacy, physician and healthcare-provider channels. This provides an opportunity to establish product-market fit before committing significant capital to a consumer-facing infrastructure. Key indicators during this stage will include the number of ordering providers, average order value, repeat-order rates, realised pricing, manufacturing margins and the number of formulations achieving meaningful commercial adoption.

Management has indicated that the B2B channel could operate for approximately 12-18 months before a broader direct-to-consumer model is evaluated. A subsequent telehealth offering could allow Ligo to capture a greater share of patient economics by integrating prescribing, fulfilment and repeat purchasing. However, the model would also introduce additional costs associated with physician coverage, marketing, customer acquisition, fulfilment and customer support. Customer-acquisition cost, conversion, retention and lifetime value therefore remain important untested assumptions. We do not include DTC revenue in our forecasts; a telehealth launch would be upside.

Our forecasts consolidate Ligo, and our SOTP assumes a 75% economic interest with a S\$26.8mn NCI deduction (25% of Ligo's standalone equity value of S\$107.3mn). We will revise this when definitive ownership and funding terms are disclosed.

Execution is key

We see meaningful strategic optionality in using the compounding channel to commercialise additional WaferiX and WaferlogiX formulations without initially undertaking a conventional development programme for every product.

However, the investment case depends less on the theoretical number of molecules that could be formulated than on Ligo demonstrating that eligible products can be manufactured at scale, adopted by healthcare providers and generate recurring orders at attractive unit economics.

We therefore model a B2B compounding ramp only, with no DTC revenue. The principal milestones are definitive ownership and funding arrangements, product eligibility, Orion manufacturing qualification, initial B2B orders and evidence of recurring demand. Successful execution across these milestones would provide greater support for the longer-term telehealth opportunity.

Financial review and forecasts

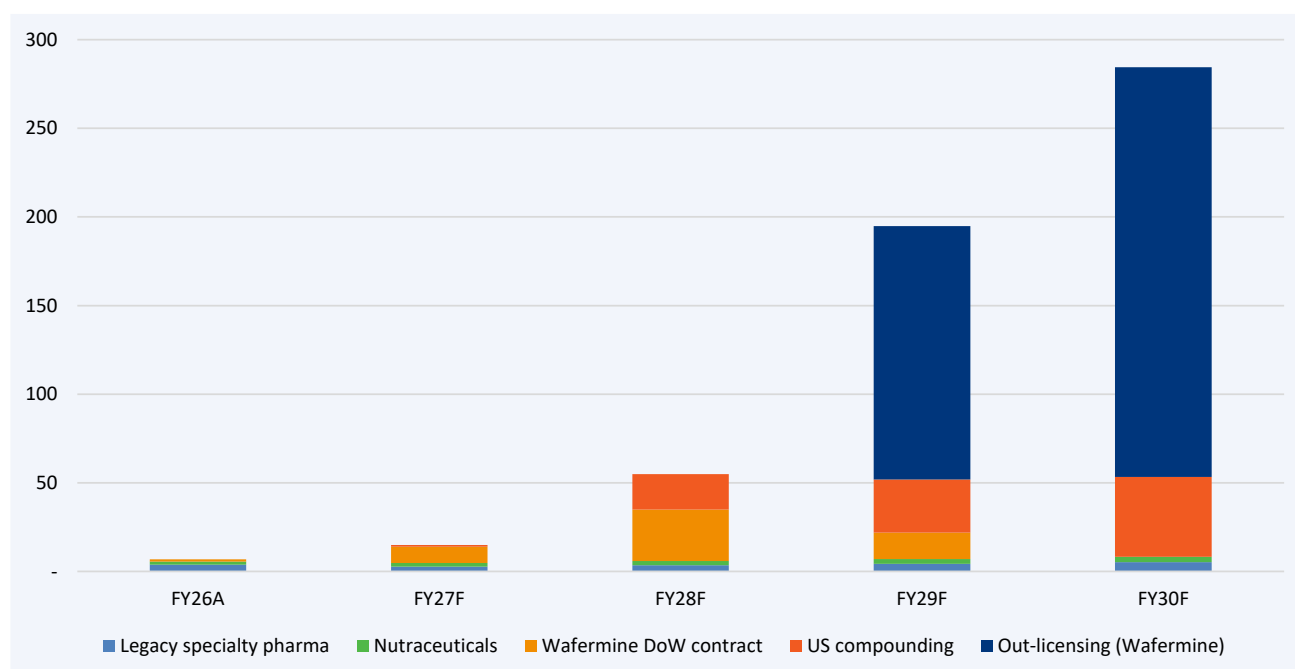
Revenue forecast

FY26 revenue fell 11.8% YoY to S\$6.85mn as medicinal-cannabis sales fell to S\$3.47mn from S\$6.38mn, partly offset by S\$1.25mn of DoW development-services revenue and nutraceutical revenue rising to S\$1.69mn from S\$1.11mn which highlights a decisive shift in its revenue base towards the US. Management attributed the cannabis decline mainly to delays in customers obtaining raw-material import clearances, weaker Australian economic conditions and sector-wide contraction, which it sees as cyclical.

We forecast a further 28% decline in the legacy specialty pharmaceutical line to S\$2.8mn in FY27F, recovering gradually to S\$6.2mn by FY31F. Nutraceutical growth moderates from 20% in FY27F to 10% by FY31F.

We forecast group revenue of S\$14.9mn in FY27F, S\$54.9mn in FY28F, S\$194.8mn in FY29F, S\$284.4mn in FY30F and S\$129.8mn in FY31F. The DoW contract contributes S\$9.1mn in FY27F, S\$29.0mn in FY28F and S\$14.8mn in FY29F, in line with management's phasing of the award over the 36 months to February 2029. This includes EUA supply to the US military, which falls within the contract value; we forecast no separate military revenue and none after the contract ends. Phase 3 costs sit in R&D, leaving the contract a 10% retained margin. US compounding starts in 1Q CY2027 at S\$1.0mn in FY27F, ramps to S\$20.0mn in FY28F, and builds to S\$65.0mn by FY31F, including WaferlogiX-based formulations. Compounding and Wafermine supply share four freeze dryers in Nevada, which become fully available to compounding once the DoW contract ends. We do not forecast DTC telehealth or a separate WaferlogiX licence. Out-licensing contributes S\$143.0mn in FY29F (Wafermine upfront on signing), S\$231.1mn in FY30F (approval milestone and first royalties) and S\$55.2mn of royalties in FY31F. The upfront and approval milestone are one-off receipts rather than recurring sales.

Figure 13: Revenue by segment (\$'mn)

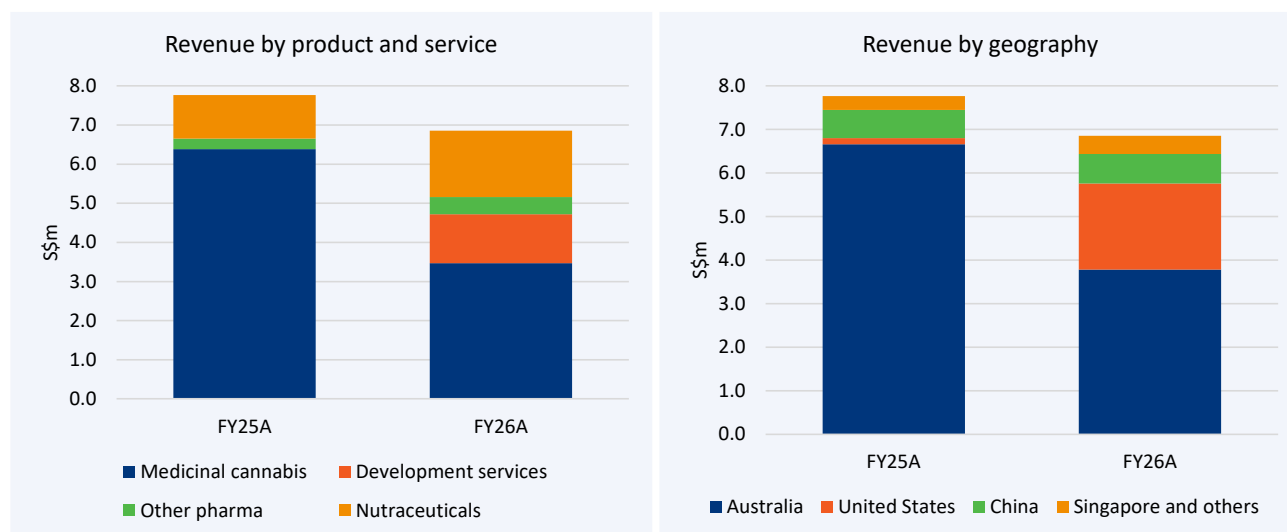


Source: Company, KGI Research

Two presentation points matter for interpreting the forecast. Out-licensing income is shown in the P&L in full, consistent with our valuation, with no probability weighting. It is stripped out of the commercial DCF and valued separately as an NPV in our sum-of-the-parts, so it is not counted twice. Revenue is also lumpy by construction: it peaks at S\$284.4mn in

FY30F, when the S\$214.5mn approval milestone falls due, before declining to S\$129.8mn in FY31F. Excluding out-licensing, revenue grows from S\$14.9mn in FY27F to S\$74.6mn in FY31F.

Figure 14: Revenue mix, FY25A-FY26A (\$m)



Source: Company, KGI Research

Figure 15: Forecast treatment by revenue stream

Wafermine DoW contract	Includes EUA supply to the US military; Phase 3 cost in R&D, 10% retained margin
Existing pharmaceutical and cannabis sales	28% decline in FY27F; gradual recovery thereafter
Nutraceuticals	20% growth in FY27F, tapering to 10% by FY31F
B2B compounding (Ligo)	From 1Q CY2027: S\$1.0mn in FY27F, rising to S\$20.0mn in FY28F; includes WaferlogiX formulation
Wafermine out-licence	100% of upfront, milestones and royalties; NPV in SOTP

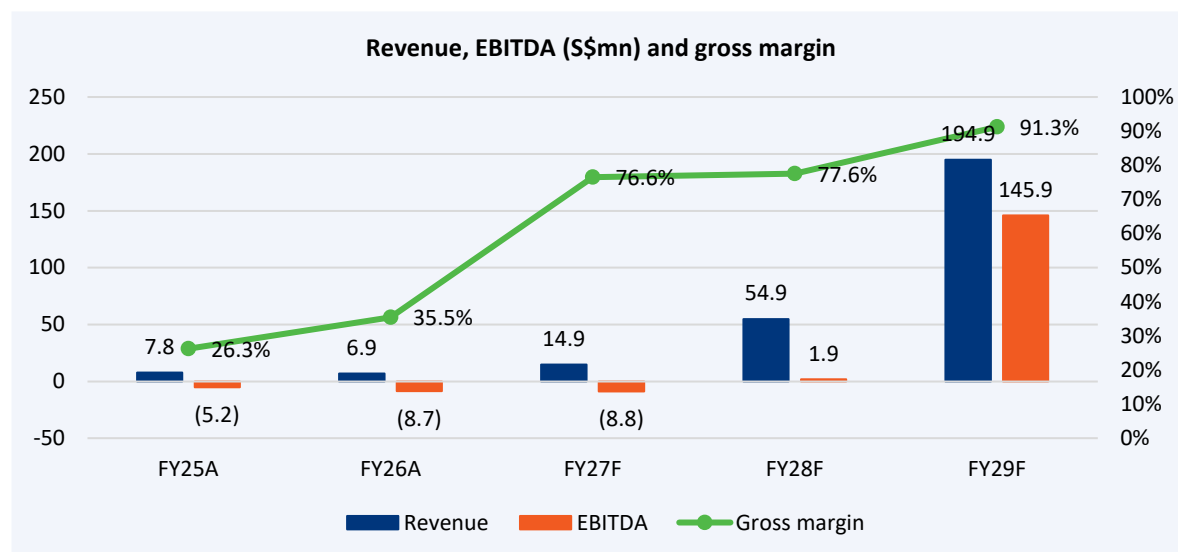
Source: Company, KGI Research

Margin & profitability outlook

FY26 gross margin improved to 35.5% from 26.3%, reflecting the mix shift away from lower-margin medicinal cannabis towards DoW development services and nutraceuticals. Loss after tax narrowed 21.2% to S\$7.99mn. We forecast gross margin rising to 76.5% in FY27F, as management books Wafermine Phase 3 costs in R&D rather than cost of sales, so DoW revenue carries no cost of sales. It reaches 91.3% in FY29F as licence income (no cost of sales) arrives, before settling at 75.4% in FY31F as compounding (56-60% gross margin) becomes a larger share of revenue.

The group remains loss-making in FY27F, with EBITDA of -S\$8.7mn and PATMI of -S\$8.5mn, and is close to break-even in FY28F (EBITDA S\$1.9mn; PATMI -S\$0.3mn) as compounding ramps up. R&D peaks at S\$27.8mn in FY28F with Phase 3, largely funded by the DoW, and G&A rises from S\$10.0mn in FY27F to S\$11.0mn in FY28F and S\$19.0mn by FY31F. PATMI reaches S\$138.9mn in FY29F and S\$194.7mn in FY30F. FY29F-FY30F earnings are boosted by one-off licence receipts: most of the profit comes from the Wafermine upfront and approval milestone, and FY31F PATMI falls back to S\$56.7mn. We apply a 17% tax rate after offsetting FY26A tax losses, so the first material tax charge falls in FY30F. The recurring commercial business (legacy pharmaceutical, nutraceuticals and compounding) reaches S\$74.6mn of revenue by FY31F.

The key data points to watch are: product-level data on selling prices, fully loaded cost of goods, pharmacy revenue sharing, physician fees and customer-acquisition cost is needed before a mature Ligo margin can be assumed, and the licence stream depends on regulatory outcomes outside the company's control.

Figure 16: Profitability path


Source: Company, KGI Research

Capital deployment

Our forecasts assume no further placement; the S\$1.5mn of FY27F equity inflow is the July 2026 exercise of c.25.1mn warrants, already received. In FY27F the group funds a S\$10.3mn operating outflow, S\$0.6mn of capital expenditure and the S\$2.2mn loan repayment, followed by a further S\$2.7mn operating outflow in FY28F as Phase 3 peaks and compounding ramps up. Our model draws on borrowings automatically to keep cash at S\$5mn, which requires c.S\$3.3mn in FY27F and S\$6.3mn in FY28F, or c.S\$9.6mn in total, before the Wafermine licence upfront lifts cash to S\$150.7mn in FY29F. Management maintains that no additional funding is required; a delay in DoW reimbursement timing, a slower compounding ramp or higher Ligo set-up costs would widen the gap. Capital expenditure rises from S\$0.6mn in FY27F to S\$3.0mn in FY31F at 4-4.5% of commercial revenue. We expect compounding and Wafermine supply to share four machines at Orion's Nevada facility, including the freeze dryer, packaging line, dispensing table and related equipment relocated from Croydon during calendar 3Q26.

Before treating the compounding volumes as de-risked, we would look for equipment qualification, validated production runs, annual wafer capacity, controlled-substance permissions and the outcome of FDA inspection of Orion. We do not expect dividends while the group is loss-making. As of 18 August 2026 iX had 1,093.3mn shares outstanding and 8.47mn share awards, or 1,101.8mn fully diluted.

Minimal equity dilution expected

Similar to many small and emerging biotech and pharmaceutical companies, equity fundraising has been a key component of iX's funding strategy since inception, providing the capital base to support the Group's growth and expansion. The group has raised new capital in every financial year since FY21: two placements, two rights issues, a convertible bond and, in FY26, two further placements. Its share count has risen c.85%, from c.590mn at the July 2015 IPO to 1,093.3mn in August 2026 (Figure 17).

Most of that capital was raised well below today's price. Until the February 2026 placement at S\$0.198, every raise since 2020 was priced at S\$0.23 or less, and the 2024 rights issue was priced at S\$0.03, with attached warrants exercisable at S\$0.06. The dilution from that period is now largely complete: the remaining 25.1mn warrants were exercised by 17 July 2026, and the only other dilutive instruments outstanding are 8.47mn performance share awards.

With DoW contract funding Phase 3 of Wafermine, we expect dilution to slow significantly as there are no near-term expectations for capital expenditure to increase substantially. However, the contract reimburses costs only after they are incurred, and most of the February 2026 placement was raised to fund interim requirements under that same contract.

The most likely triggers for a further raise are the Ligo build-out, the Nevada equipment set-up and any delay in DoW reimbursement. We assume no new equity; instead our model draws c.\$9.6mn of bridging debt over FY27F-FY28F. Each \$10mn raised at a 10% discount to the last close would add c.1.9% to the share count. The DoW award and licence receipts should break this pattern once the licence upfront arrives in FY29F, but FY27F-FY28F remains a funding gap.

Figure 17: Capital raised since listing

Date	Instrument	New shares (mn)	Price (\$)	Gross (\$mn)	Shares after (mn)
Jul-15	IPO	65.5	0.460	30.1	c.590
Sept-20	Placement	44.5	0.230	10.2	693.4
Jul-21	Rights issue	48.8	0.200	9.8	746.2
Jul-22	Placement	13.7	0.200	2.7	764.9
Jul-23	Convertible bond	–	–	2.0	–
Jul-24	Rights issue with warrants	115.0	0.030	3.5	883.3
Oct-25	Placement	67.0	0.100	6.7	955.0
Feb-26	Placement	75.8	0.198	15.0	1,036.3
FY26–Jul 26	Warrant exercise	57.1	0.060	3.4	1,093.3

Source: Company, KGI Research

Figure 18: Past six years funded by equity

FYE June (\$mn)	FY21A	FY22A	FY23A	FY24A	FY25A	FY26A	Cumulative
Revenue	1.7	14.4	5.9	6.0	7.8	6.9	42.6
PATMI	(8.2)	(4.6)	(9.6)	(10.8)	(10.1)	(8.0)	(51.4)
Operating cash flow	(8.4)	3.1	(7.7)	(6.6)	(3.8)	(7.5)	(30.7)
Equity and convertible raised, net	10.2	9.6	2.7	1.9	3.3	23.1	50.8
Year-end cash	6.2	13.5	6.5	1.8	0.9	14.7	–

Source: Company, KGI Research

Catalysts

Near-term news flow should be supportive:

- the EUA submission (4Q26)
- a possible EUA decision and first EUA supply to the DoW
- the Phase 3 start (2027) and the Ligo JV close

An EUA would be the first test of Wafermine's military use case. Phase 3 topline data in 2028, followed by a licence signing, are the events that would crystallise the Wafermine value that we believe the market has not yet ascribed. Potential negative catalysts include additional FDA data requirements, delays to the pivotal programme, manufacturing or inspection deficiencies, delays to the Ligo transaction, further contraction in cannabis revenue and the absence of follow-on procurement after the DoW contract ends. The workstreams are independent: a Phase 3 delay need not stop EUA work, and an EUA does not guarantee procurement, Phase 3 success or civilian approval.

Figure 19: Catalyst timeline by workstream

Period	Wafermine EUA	Full-approval programme	Ligo and manufacturing	Financial and corporate
Jul-Sep 2026	Military determination and HHS declaration completed	PK and toxicology work	Equipment relocation targeted	\$2.2m borrowing repaid
Oct-Dec 2026	EUA submission targeted	Type C preparation	JV negotiations and equipment qualification	FY26 audit; \$1.5m debt capitalised
2027	Potential EUA decision and supply to military under EUA	Type C meeting and Phase 3 commencement	B2B launch subject to readiness; no confirmed date	DoW development revenue ramps
2028	Ongoing supply to military under EUA	Phase 3 topline results	B2B performance assessment	Possible licensing discussions
2029 onward	Ongoing supply to military under EUA until FDA approval	NDA review and potential approval	Conditional DTC expansion	Possible out-licence, trade sale or corporate separation

Source: Company, KGI Research

Key Risks

Clinical development risk

Wafermine has not completed Phase 3 development. Management expects the pivotal programme to use the same bunionectomy and abdominoplasty surgical models and SPID12 primary endpoint as the Phase 2b studies, but the final design remains subject to FDA agreement. Larger pivotal trials could produce a smaller or statistically non-significant treatment effect, identify additional safety issues or require further studies, delaying or preventing approval. The expected absence of an active opioid comparator may also limit the conclusions that can be drawn regarding comparative efficacy and safety.

EUA authorization risk

The HHS emergency declaration allows FDA to consider emergency authorization of qualifying acute-pain products, but it does not authorize Wafermine. FDA must still determine that Wafermine meets the applicable statutory criteria, including whether it may be effective and whether its known and potential benefits outweigh its known and potential risks. FDA could delay or reject the application, request additional information or impose restrictive conditions on storage, prescribing, monitoring or use.

Manufacturing, CMC and controlled-substance risk

Commercialisation requires validated production equipment, repeatable batch quality, adequate capacity and packaging capable of meeting the product's stability and shelf-life specifications. Delays in equipment installation, qualification, technology transfer, packaging validation or regulatory inspection could affect Wafermine and the proposed Ligo products. Ketamine is a Schedule III controlled substance in the US. Manufacturing, storage, record-keeping and distribution are therefore subject to additional federal and state requirements. Failure to secure or maintain the required registrations could delay supply, increase compliance costs or constrain distribution.

Competitive and commercial-positioning risk

Journavx has established an approved non-opioid treatment option for moderate-to-severe acute pain, while additional Nav1.8 inhibitors and other non-opioid therapies remain under development. Better-capitalised competitors may possess larger clinical programmes, established commercial infrastructure and stronger access to hospitals, physicians and payers. Wafermine's sublingual format and military use case may provide differentiation, but the company has not yet demonstrated commercial adoption, reimbursement or comparative superiority to an approved opioid or non-opioid treatment. Weaker-than-expected differentiation could reduce pricing, market share and licensing value.

Ligo ownership and execution risk

The definitive ownership, funding, governance and economic terms for Ligo have not been disclosed. Our valuation assumes that iX retains control and a 75% economic interest, but the final terms may result in greater dilution, additional funding commitments or less favourable allocation of intellectual property and profits. Ligo is also attempting to develop several activities concurrently, including US compounding-pharmacy sales, consumer-health products and a subsequent telehealth offering. Management resources may be stretched across product formulation, manufacturing, pharmacy distribution, physician engagement and customer acquisition.

Compounding-pharmacy regulatory and partner risk

Compounded products are not FDA-approved, and eligibility must be assessed separately for each active ingredient and formulation. Section 503B outsourcing facilities may qualify for exemptions from pre-market approval requirements, but they remain subject to current good manufacturing practice, product reporting, adverse-event reporting and FDA inspection requirements.

Orion Specialty Labs appears on FDA's registered 503B outsourcing-facility list but was recorded as "not yet inspected" in the FDA list updated on 8 September 2026. Registration does not mean that FDA has approved, licensed or certified the facility or its products. Regulatory enforcement, ingredient restrictions, inspection findings or manufacturing delays could limit the number or timing of products launched.

Telehealth and customer-acquisition risk

The proposed direct-to-consumer business remains untested and is not in our forecasts. While telehealth could generate higher revenue per patient than pharmacy distribution, it would require physician coverage, compliant advertising, prescription fulfilment, customer support and potentially substantial marketing expenditure. Customer-acquisition cost, conversion, retention, repeat purchasing and lifetime value have not been demonstrated. Management intends to use the initial compounding-pharmacy phase to assess demand before scaling the DTC channel, but weak B2B adoption may delay or reduce the telehealth opportunity.

Intellectual-property and exclusivity risk

The commercial value of WaferiX depends on the enforceability, remaining life and geographic coverage of its formulation, manufacturing and method-of-use patents. Competitors may challenge these patents, design around their claims or develop alternative sublingual technologies. Some core patent families may approach expiry during the modelled commercial period. Patent-term restoration or regulatory exclusivity may extend the effective protection of Wafermine, but their availability, duration and scope are not assured.

Funding and dilution risk

iX remains loss-making and cash consuming. The group has raised equity in every financial year since FY21 (Figure 18). Because the DoW contract reimburses costs after they are incurred, working capital can still fall short between spending and reimbursement. Although the DoW contract is expected to fund the Phase 3 programme, it does not eliminate funding requirements for the corporate operations, Ligo rollout or additional capital expenditure. On our forecasts the group needs c.S\$9.6mn of bridging funding over FY27F-FY28F before the Wafermine licence upfront, which we model as borrowings. Development delays, slower reimbursements or weaker commercial revenue would widen this shortfall. The company may need to issue additional equity, obtain debt or introduce new strategic investors. Foreign-exchange movements may also create translation volatility because the group earns and incurs costs in USD and AUD while reporting in SGD.

Governance, keyperson and trading-liquidity risk

Execution remains dependent on a relatively small senior-management and technical team managing several regulatory and commercial workstreams. The loss of key personnel or misalignment between executive incentives and long-term clinical and shareholder-return milestones could affect execution. The shares are listed on the Catalist market and may experience limited liquidity and substantial price volatility. Investors may therefore be unable to establish or exit material positions without affecting the market price.

Financial Summary

INCOME STATEMENT (S\$'000)	FY25A	FY26A	FY27F	FY28F	FY29F
Revenue	7,767	6,853	14,932	54,887	194,845
Cost of sales	(5,727)	(4,419)	(3,505)	(12,309)	(17,008)
Gross profit	2,040	2,434	11,427	42,578	177,837
Selling & distribution	(1,999)	(1,980)	(2,041)	(3,106)	(3,705)
Administrative expenses	(4,686)	(7,473)	(10,000)	(11,000)	(14,000)
R&D, other income and D&A add-back	(528)	(1,653)	(8,134)	(26,590)	(14,217)
EBITDA	(5,173)	(8,672)	(8,748)	1,881	145,916
Depreciation & amortisation	(854)	(728)	(752)	(827)	(1,036)
Operating profit (EBIT)	(6,027)	(9,400)	(9,500)	1,054	144,880
Net finance income / (cost)	(321)	(690)	(638)	(758)	(1,463)
Other gains / (losses)	(3,792)	2,106	-	-	-
Profit before tax	(10,140)	(7,984)	(10,138)	297	143,417
Tax expense	(1)	(9)	-	-	(3,175)
Minority interests	-	-	1,617	(561)	(1,299)
Net profit (PATMI)	(10,141)	(7,993)	(8,522)	(264)	138,942
EPS (S\$ cents)	(1.16)	(0.83)	(0.78)	(0.02)	12.61
DPS (S\$ cents)	-	-	-	-	-

CASH FLOW STATEMENT (S\$'000)	FY25A	FY26A	FY27F	FY28F	FY29F
Profit before tax	(10,140)	(7,984)	(10,138)	297	143,417
Depreciation & amortisation	854	728	752	827	1,036
Working capital changes	925	(1,217)	(3,428)	(6,495)	2,559
Tax paid	(167)	(193)	(125)	(82)	(1,142)
Other operating items	4,770	1,160	2,668	2,778	3,427
Operating cash flow	(3,758)	(7,506)	(10,271)	(2,675)	149,296
Capex	(201)	(115)	(597)	(2,470)	(2,333)
Acquisitions / disposals	-	-	-	-	-
Other investing items	-	(2)	-	-	-
Investing cash flow	(201)	(117)	(597)	(2,470)	(2,333)
Net debt drawdown / (repayment)	915	(811)	1,121	6,255	-
Dividends paid	-	-	-	-	-
Equity issuance / (buyback)	3,250	23,101	1,506	-	-
Other financing items	(1,046)	(812)	(920)	(1,109)	(1,840)
Financing cash flow	3,119	21,478	1,706	5,145	(1,840)
Net change in cash	(840)	13,855	(9,162)	-	145,123
Beginning cash (balance sheet basis)	1,706	880	14,735	5,573	5,573
Ending cash	866	14,735	5,573	5,573	150,696

BALANCE SHEET (S\$'000)	FY25A	FY26A	FY27F	FY28F	FY29F
Cash & equivalents	866	14,735	5,573	5,573	150,696
Trade & other receivables	1,938	1,971	3,068	9,023	7,102
Inventories	922	1,193	768	2,192	2,563
Other current assets	483	712	747	2,470	2,074
Current assets	4,209	18,611	10,156	19,258	162,435
Property, plant & equipment	6,390	6,693	6,889	8,945	10,742
Intangibles & goodwill	270	2	2	2	2
Deposits, ROU assets and other non-current	415	573	523	678	717
Non-current assets	7,075	7,268	7,414	9,626	11,460
Total assets	11,284	25,879	17,569	28,883	173,895
Trade payables	4,314	4,161	1,440	4,047	4,660
Short-term borrowings	4,356	5,528	4,133	7,980	8,006
Other current liabilities	309	317	250	207	1,287
Current liabilities	8,979	10,006	5,824	12,234	13,953
Long-term borrowings	1,546	273	2,756	5,320	5,338
Other non-current liabilities	394	204	145	107	1,059
Non-current liabilities	1,940	477	2,901	5,427	6,397
Total liabilities	10,919	10,483	8,725	17,661	20,350
Shareholders' equity	365	15,396	10,461	12,278	153,301
Minority interests	-	-	(1,617)	(1,056)	244
Total equity	365	15,396	8,845	11,222	153,545

KEY RATIOS & VALUATION	FY25A	FY26A	FY27F	FY28F	FY29F
Revenue growth (%)	30.3%	(11.8%)	117.9%	267.6%	255.0%
Gross margin (%)	26.3%	35.5%	76.5%	77.6%	91.3%
EBITDA margin (%)	(66.6%)	(126.5%)	(58.6%)	3.4%	74.9%
Net profit margin (%)	(130.6%)	(116.6%)	(57.1%)	(0.5%)	71.3%
ROE (%)	(431.1%)	(101.4%)	(70.3%)	(2.6%)	168.7%
ROA (%)	(78.3%)	(43.0%)	(39.2%)	(1.1%)	137.0%
Net debt / equity (x)	1379.7%	(58.0%)	14.9%	68.9%	(89.5%)
Net debt / EBITDA (x)	n.m.	n.m.	n.m.	4.1x	-0.9x
P/E (x)	n.m.	n.m.	n.m.	n.m.	4.2x
EV/EBITDA (x)	n.m.	n.m.	n.m.	313.8x	3.1x
P/NAV (x)	68.1x	26.0x	65.7x	51.9x	3.8x

Source: Company, KGI Research estimates

KGI's Ratings

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Outperform (OP)	We take a positive view on the stock. The stock is expected to outperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
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