

Incannex Announces Intention to Redomicile to United States, List all Shares on Nasdaq

Highlights:

- Incannex to redomicile to the United States via a Scheme of Arrangement pursuant to Australian law
- A newly formed Delaware corporation (**Incannex Healthcare Inc.**) will become the ultimate parent company of the group, following implementation of the Scheme of Arrangement
- The shares of common stock issued by Incannex Healthcare Inc. in exchange for all outstanding ordinary shares of Incannex, pursuant to the Scheme of Arrangement, will be listed on Nasdaq
- Incannex will have greater access to capital market more cognisant of IHL's value proposition with peer comparison companies trading at significantly higher market valuations
- The Incannex Board also anticipates:
 - Improved access to large pools of lower cost equity capital over the long term
 - Increased alignment with prominent pharmaceutical companies
 - A simplified corporate structure for any future potential merger or acquisition transactions
 - Enhanced access to FDA resources
- Incannex shareholders and optionholders will be given the opportunity to vote on redomiciling to the US in October 2023; if approved, the change in nature of the shares in Incannex can be implemented rapidly.
- If approved, Incannex will assist shareholders to seamlessly transfer their holdings to US shares tradable on Australia broking platforms to ensure little to no disruption to shareholders.
- Redomiciling Incannex to the US is not intended to coincide with any capital raise as the Company has approximately \$33M in cash reserves for development activities as at 30 June 2023.

Melbourne, Australia, 10 July, 2023 - Incannex Healthcare Limited (NASDAQ: IXHL) (ASX: IHL), (**Incannex, IHL** or the **Company**) is pleased to announce its intention to redomicile from Australia to the United States via proposed schemes of arrangement (**Schemes**) between Incannex and its shareholders (**Share Scheme**) and Incannex and its optionholders (**Option Scheme**). Implementation of the Schemes is subject to approval of IHL's shareholders (in respect of the Share Scheme) and IHL's optionholders (in respect of the Option Scheme) and other regulatory and court approvals.

Incannex has already achieved registration of its ordinary shares from the US Securities and Exchange Commission (SEC). Since February 2022, Incannex's ordinary shares, in the form of American Depository

Receipts (ADRs), have been trading in the United States since gaining Nasdaq Global market listing status. Each ADR represents 25 ordinary shares of Incannex.

Should the Schemes be approved by shareholders, all shareholders will be holders of shares of common stock of Incannex Healthcare Inc., the new parent company incorporated in Delaware, which will be listed on Nasdaq. Shares of common stock of US companies are tradable on all major share trading technology platforms in Australia, aiding trading liquidity. Furthermore, IHL will not delist from ASX until all relevant approvals from the SEC and Nasdaq to trade shares of common stock in Incannex Healthcare Inc. in the US have been obtained.

Rationale for the Schemes and Re-domiciliation

Incannex's board of directors (**Board**) believes that becoming a U.S. company and trading only on NASDAQ will provide many and varied benefits to Incannex and its shareholders. The Company will have greater access to a more cognisant and receptive capital market of Incannex's value proposition, with comparison companies trading at far greater market valuations, and an ability to expand to a much broader investor base. The Board also believes that the re-domiciliation may deliver certain additional benefits to Incannex and its shareholders, including:

- improved access to lower-cost equity capital in the U.S. markets, which are larger and more diverse than Australian capital markets, thus enabling future growth to be financed at a lower cost;
- increased alignment with other prominent pharmaceutical companies that are already listed on Nasdaq which can enhance the group's visibility and reputation within the industry, making it more attractive to potential investors, strategic partners, and other stakeholders;
- a simplified corporate structure for potential future merger, sale or acquisition transactions, which may increase Incannex US's attractiveness to potential merger partners, sellers or acquirers.
- increased attractiveness of Incannex US to a broader U.S. investor pool who previously could not invest in non-U.S. or packaged ADR securities;
- enhanced regulatory pathway for Incannex's pharmaceutical products through direct access to FDA resources, guidance, and expertise; and
- better collaborative opportunities with FDA.

Mr Joel Latham, CEO and Managing Director of Incannex, said:

"The Board is excited to enact this landmark unanimous decision in conjunction with our key shareholders and other stakeholders. It is a decision made with the intention to maximise shareholder value. Incannex has matured on the ASX to the point that it has a large and diversified drug portfolio with two exciting drug candidates imminently entering pivotal clinical trials. By committing our presence to the United States, we believe that our Company's visibility to international investors will increase

markedly, partly due to our value proposition compared to similar emerging biotech companies with a presence in North America.”

“After 18 months of engaging with the US investor community, Incannex has witnessed investor demand increase, which was demonstrated on the 6th of July when IXHL ADRs traded the equivalent of 160M IHL shares in one day of trade. Incannex has less than 1.5% of its securities trading as ADRs in the US, and it has presented a limitation for investors to aggregate investment positions in our Company. Very few Australian brokers can trade ADRs, however post the redomicile, most online trading platforms facilitate direct market access to trading US shares. Having all Incannex shares in the Company trading on Nasdaq will facilitate a cohesive single market with the appropriate level of liquidity expected by the US investment banks, some of which have commenced the process to initiate independent research coverage on Incannex.”

“We look forward to providing ongoing guidance to our shareholders over the coming months prior to the anticipated shareholder and optionholder vote in October. We are arranging webinars and other forums for stakeholders to have direct access to management to openly discuss this transition as we are committed to making the move to Nasdaq as seamless as possible.”

Legal Considerations

To implement the re-domiciliation, Incannex has entered into a Scheme Implementation Deed (**SID**) with Incannex Healthcare Inc. (**Incannex US**), a new US company incorporated in Delaware. Following the implementation of the Schemes, Incannex US will become the ultimate parent company of the Incannex group of companies, with IHL becoming a wholly-owned subsidiary of Incannex US.

Pursuant to the Share Scheme:

- holders of fully paid ordinary shares in Incannex (**Incannex Shares**) will be entitled to receive one share of common stock in Incannex US (**Incannex US Share**) for every 100 Incannex Shares held on the record date for the Share Scheme; and
- holders of Incannex ADRs will be entitled to receive one Incannex US Share for every four ADRs (each ADR currently represents 25 Incannex Shares) held in Incannex on the Share Scheme record date.

Such a consolidation of share capital is considered appropriate following advice from numerous US investment banks concerning an appropriate pricing model for an ambitious and emerging biotechnology research and development company. To eliminate any confusion, it is worth noting that if the company were to apply the proposed 100-1 ratio, the estimated Nasdaq share price would currently be approximately US \$8.00 per share. Furthermore any reorganisation of Capital does not affect the value of the company nor shareholder position. .

Pursuant to the Option Scheme, all options to acquire Incannex Shares (**Incannex Options**) on issue on the record date for the Option Scheme will be cancelled in consideration for the holders of those Incannex Options receiving one option to acquire a Incannex US Share (**Incannex US Option**) for every 100 Incannex Options cancelled in accordance with the Option Scheme.

If the Schemes are implemented, Incannex US Shares will be listed solely on Nasdaq (**Nasdaq**). Incannex US will not seek to list on the Australian Securities Exchange (**ASX**) on implementation of the Schemes. Accordingly, on implementation of the Schemes, IHL will cease to be ASX listed.

The re-domiciliation is not expected to result in any material changes to Incannex's assets, management, operations or strategy, and is expected to be structured on a tax-neutral basis to Incannex and its shareholders.

Independent Expert

The Board will appoint an independent expert to assess if the Schemes are in the best interests of holders of Incannex Shares and Incannex Options (as applicable). A report prepared by the independent expert will form part of the Scheme Booklet, which will contain detailed information regarding the Schemes. Incannex encourages its shareholders and optionholders to read the Scheme Booklet carefully.

Board Recommendations

The Board unanimously recommends that Incannex shareholders vote in favour of the Share Scheme and each Director personally intends to vote all Incannex Shares in their control in favour of the Share Scheme, subject to the independent expert concluding that the Share Scheme is in the best interests of Incannex shareholders.

The Board also unanimously recommends that Incannex optionholders vote in favour of the Option Scheme and each Director personally intends to vote all Incannex Options in their control in favour of the Option Scheme, subject to the independent expert concluding that the Option Scheme is in the best interests of Incannex optionholders.

Details of the Scheme Implementation

The implementation of the Schemes is subject to several customary conditions including the approval of Incannex shareholders (in respect of the Share Scheme), Incannex optionholders (in respect of the Option Scheme) and the Federal Court of Australia, as well as other necessary regulatory approvals (including from ASIC and ASX).

Full details of the terms and conditions of the Schemes are set out in the SID, a copy of which is attached to this announcement.

Indicative Timetable and Next Steps



Date: July 10, 2023
Public Announcement (NASDAQ: IXHL) (ASX: IHL)

Incannex shareholders and optionholders do not need to take any action at this time. A Scheme Booklet containing, among other things, more detailed information relating to the Schemes, reasons for the Board's recommendations, information on the Scheme meetings for the Share Scheme and the Option Scheme and the independent expert's report is expected to be mailed to Incannex shareholders and optionholders in August/September 2023.

Incannex shareholders will be given the opportunity to vote on the Share Scheme and Incannex option holders will be given the opportunity to vote on the Option Scheme at the Scheme Meetings expected to be held in October 2023 and, subject to the conditions of the Schemes being satisfied, the Schemes are expected to be implemented in October 2023. These dates are indicative and subject to change.

Advisers

Incannex has engaged Thomson Geer to assist in the implementation of the Schemes and Rimôn Law to assist in the Nasdaq listing of Incannex US.

This announcement has been approved for release to ASX by the Incannex Board of Directors.

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About Incannex Healthcare Limited

Incannex is a clinical stage pharmaceutical development company that is developing unique medicinal cannabis pharmaceutical products and psychedelic medicine therapies for the treatment of obstructive sleep apnoea (OSA), traumatic brain injury (TBI) and concussion, lung inflammation (ARDS, COPD, asthma, bronchitis), rheumatoid arthritis, inflammatory bowel disease, anxiety disorders, addiction disorders, and pain, among other indications.

U.S. FDA approval and registration, subject to ongoing clinical success, is being pursued for each drug and therapy under development. Each indication under investigation currently has no, or limited, existing registered pharmacotherapy (drug) treatments available to the public and represent major global economic opportunities to Incannex and its shareholders.

Incannex has a strong patent filing strategy in place as it develops its products and therapies in conjunction with its medical and scientific advisory board and partners. The Company holds 19 granted patents and 30 pending patent applications. Incannex is listed on the Australian Stock Exchange (ASX) with stock code "IHL" and has American Depository Shares listed on NASDAQ under code "IXHL".

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Forward-looking statements

This press release contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are made as of the date they were first issued and were based on current expectations and estimates, as well as the beliefs and assumptions of management. The forward-looking statements included in this press release represent Incannex's views as of the date of this press release. Incannex anticipates that subsequent events and developments may cause its views to change. Incannex undertakes no intention or obligation to update or revise any forward-looking statements, whether as of a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing Incannex's views as of any date after the date of this press release.

Not an offer of securities

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this announcement have not been registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States absent registration except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

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