cyclopharm

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HALF YEAR 2021 RESULTS – REVENUES REBOUND

Sydney, August 23, 2021 Radiopharmaceutical company, Cyclopharm Limited (ASX:CYC) (the Company) today announced results for the six month period ending 30 June 2021. The results include total consolidated revenue of $8.5 million, rebounding strongly from a COVID-19 impacted prior corresponding six-month period (pcp) to June 30, 2020. The Company maintained a 0.5 cents per share dividend for the half year.

Key features of the 2021 Half Year results include:

- **Total revenue of $8.5 million, up 47% on pcp**
- **Revenues from Patient Administration Sets grew 21% vs pcp to $4.5 million**
- **Technegas Generator revenue rose 75% vs pcp to $1.3 million**
- **Third party distribution revenue more than doubled to $1.6 million**
- **Gross margin was 73.5% of sales**
- **Strong balance sheet with a net cash position of $31.6 million**
- **Interim dividend maintained at 0.5 cents per share**

Financial Results

Cyclopharm generated total revenues of $8.5 million for the six months to June 30, 2021, up 47% on pcp, driven by a strong recovery across all products and services from a Covid-19 impacted period in 2020. Total sales for the six months also exceeded 2019 levels, marking a return to the Company's pre-Covid growth trajectory.

Cyclopharm's new third-party distribution service continued to deliver compelling growth, with revenues rising 121% on pcp to $1.6 million. As third-party distribution margins are lower than those for Cyclopharm's other products, overall gross margins fell slightly to 73.5% from 76.3% in 1H 2020. The net loss after tax for the period was $3.9 million, a 30% improvement on the net loss after tax of $5.6 million for pcp. Costs relating to the USFDA approval process were $1.2 million.

Technegas™ per-patient consumable Patient Administration Sets (PAS) revenue was 21% higher at $4.5 million, driven by increased consumable sales in higher margin markets. Technegas™ Generator revenues grew 75% to $1.25 million, as more generator units were installed in the Nuclear Medicine departments in the Company's established markets.

Technegas™ Service revenue of $0.7 million in 1H2021 was 34% higher than 1H2020 and 12% higher than pre-COVID-19 service revenue in 1H2019. Income from Cyclotek NSW Pty Ltd contributed $0.40 million to total revenue, up from $0.15 million in 1H2020.

Cyclopharm's new revenue stream from the sale of third-party products continues to demonstrate robust growth in Europe. Revenue from distribution agreements with Jubilant Draximage of Canada; TEMA Sinergie based in Italy and ROTOP Pharmaka based in Germany, rose 121% on 1H2020 distribution revenue.

USA Market Entry

The launch of Technegas™ into the USA remains a strategic priority for Cyclopharm.

On 28 June 2021, Cyclopharm was informed by the USFDA that approval of Technegas™ in the US would require further technical information and elements to be addressed by the Company over the coming year. While the delay was disappointing, it does not relate to the demonstrated efficacy and safety of Technegas™ and the Company is highly confident of resolving the items and recommendations identified by the USFDA by mid-2022. As stated previously, the change in timing for accessing the US market has not impacted Cyclopharm's ability to fund the additional stage in the USFDA approval process.

The USA presents Cyclopharm with a transformational market opportunity estimated to be worth approximately US$180 million ($250 million) annually. The strategy for accessing the USA market remains intact. Cyclopharm is ready to execute a rapid market entry through the supply of Generators across chosen US hospitals when USFDA approval is granted. USFDA approval is expected in the second half of 2022. The change in timing for accessing the US market has not impacted Cyclopharm's ability to fund the additional stage in the USFDA approval process.

BEYOND PE – New Growth Opportunities

Cyclopharm continues to sponsor clinical trials which are investigating new applications for Technegas™, including the diagnosis and monitoring of COPD, asthma and other respiratory disease states.

One example of these trials is a 100-patient study into the use of Technegas™ in patients with severe small airways disease, being conducted in New South Wales at The University of Newcastle, Hunter Regional Medical Institute (HRMI) and John Hunter Hospital. The study includes a 39-patient subset which underwent tests using Technegas™ to determine response to therapy.

In addition to the Newcastle study, Cyclopharm is sponsoring five other clinical initiatives aimed at identifying opportunities to expand the use of Technegas™ and improve the diagnosis and management of patients suffering from respiratory disease more broadly. Cyclopharm estimates that the global COPD market is 30 times the size of the Pulmonary Embolism (PE) market, with over 500 million patients suffering with COPD and Asthma.

Capital Management

Cyclopharm remains well funded with an excess of $31 million in cash reserves on 30 June 2021. This follows completion of a placement of new shares on 1 February 2021, which raised $30 million at $2.60 per share from both new and existing shareholders. The Company also

undertook a $3 million Share Purchase Plan on similar terms to the placement on 19 February 2021.

The Board has declared an unfranked dividend of 0.5c per share for the half year, consistent with the dividend for pcp. This dividend will be paid on 13 September 2021 to shareholders on the register at the 6 September 2021 record date.

Outlook

The Board remains highly confident that demand for Technegas™ will continue to grow across existing markets. Clinicians reiterate their strong support for Technegas™ as the functional ventilation imaging agent of choice in determining PE.

Third-party distribution revenue is also expected to become an increasingly meaningful proportion of the Company's revenue over the medium term. In the second half of the current year, Cyclopharm will continue to target opportunities to expand this revenue stream in new markets, including Australia.

Cyclopharm Managing Director James McBrayer said, "The Company's strong balance sheet positions us for rapid entry into the US market following anticipated USFDA approval and also provides the basis for the continuation of our other strategic initiatives including the expanded use for Technegas™.

"In addition, the higher number of generator sales made in the first half of 2021 gives us confidence in continued robust growth in PAS revenue, as these new sales lead to annuity income in the form of repeat PAS orders though the life of the assets.

"We also expect revenue from Technegas™ Generators and PAS sales to continue to grow following a continuing rebound in diagnostic procedures as the world begins to move unevenly out of the Covid-19 pandemic.

"We are actively working with the USFDA to address the outstanding technical issues required for approval of Technegas™ into the USA and remain confident these issues can be addressed over the coming year. As such, we remain excited by this major opportunity to significantly grow sales and profitability in the United States by improving the diagnosis and management of patients suffering from respiratory disease.

"Our final priority for the remainder of 2021 which is part of our *Beyond PE* growth strategy is the ongoing development of new applications for Technegas™ which are designed to move Technegas™ into diagnosis and management of additional respiratory diseases like COPD and asthma."

- ENDS -

This ASX announcement was approved and authorised for release by James McBrayer, Managing Director, CEO and Company Secretary.

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Cyclopharm Limited

Cyclopharm is an ASX Listed radiopharmaceutical company servicing the global medical community. The Company's mission is to provide nuclear medicine and other clinicians with the ability to improve patient care outcomes. Cyclopharm achieves this objective primarily through the provision of its core radiopharmaceutical product, Technegas™™ used in functional lung ventilation imaging.

Technegas™™

The Technegas™™ technology is a structured ultra-fine dispersion of radioactive labelled carbon, produced by using dried Technetium-99m in a carbon crucible, micro furnaced for a few seconds at around 2,700^{o} C. The resultant gas like substance is inhaled by the patient (lung ventilation) via a breathing apparatus, which then allows multiple views and tomography imaging under a gamma or single photon emission computed tomography (SPECT) camera for evaluating functional ventilation imaging. Historically used in the diagnosis of pulmonary embolism, Technegas™™, together with advancements in complementary technology to multimodality imaging and analytical software, is being used in other disease states to include COPD, asthma, pulmonary hypertension and certain interventional applications to include lobectomies in lung cancer and lung volume reduction surgery.