cyclopharm
Nuclear Medicine

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technegas
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The Manager
Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Chairman's Address

Good morning ladies and gentlemen, and fellow shareholders.

Thank you for joining us for today's virtual Annual General Meeting of Cyclopharm Limited. My name Is David Heaney, Chairman of the Board of Cyclopharm Limited and I will chair the meeting.

I am joined today by my fellow Directors, Tom McDonald and James McBrayer, our Managing Director and Company Secretary.

I also welcome Mr Andrew Hoffmann and Ms Erin Tanyag of Nexia Sydney, the Company's Auditor.

I have been advised that a quorum is present – by virtue of the proxies I hold as Chair, and those shareholders in attendance today – and I now formally declare the meeting open.

As this meeting is being conducted as a virtual meeting, I would like to welcome those shareholders that are joining us via zoom and ask that you please submit any questions or comments via the Q&A function which can be found at the bottom of your zoom screen. When you submit a question or comment please start by typing which resolution it relates to so that it can be addressed at the appropriate time.

Questions which relate to the general business of the Company will be collected and addressed after the close of the formal business of the meeting.

The agenda for today's meeting will be as follows:

- I will provide the Chairperson's address;
- Followed by an address from the Company's Managing Director;
- After which, we'll proceed to the formal matters to be considered at today's AGM; and
- Finally, there will be an opportunity for questions and discussion.
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I will now proceed with the Chairman's Address.

2020 was a pivotal year for Cyclopharm. Despite the challenges we faced from a global coronavirus pandemic, we have expanded our global footprint to

include sales into over 60 countries, and proudly, our Technegas products have now been used in over 4.3 million patient procedures globally. As James will review in more detail, in 2020, we also commenced operations as a distributor of third party products in Europe, leveraging our existing distribution capabilities.

Together with our existing Technegas revenues, this new income stream enabled Cyclopharm to report record revenues in 2020 of $14.7 million. Our strong underlying sales performance supported the Board's decision to maintain our full year dividend at 1.0 cent per share.

As has been said previously, accessing the US market is a transformational opportunity for Cyclopharm that will create significant value for your company. We have made good progress in executing on this key growth strategy.

The nuclear medicine diagnosis market for Pulmonary Embolism alone, in the US, is estimated at US$90 million per annum. Your Board remains confident that Technegas can achieve a 50% share over the first 2 to 3 years, rising to an 80% share over a 5-to-7-year period.

To get a sense of the scale of the US opportunity it may be useful to note that current global demand for Technegas, ex US, equates to approximately 200,000 patient procedures per annum, while in the US market alone, there are around 600,000 individual nuclear medicine ventilation procedures each year. Our entry target market in the US equates to approximately 480,000 of those 600,000 procedures with the view to eventually doubling that number as volumes convert from CTPA to the more sensitive and accurate SPECT imaging using Technegas.

During 2020, we received approval from the USFDA to file our New Drug Application for Technegas and, very recently, the USFDA undertook its audit of our manufacturing facility in Sydney. On this latter point, I note that with international travel restrictions in place in both Australia and the US, the fact that the USFDA was keen to complete this audit is a testament to the importance of launching Technegas in the US market.

The USFDA has advised of its goal date to complete its full review of the NDA late next month, after which time, we expect to secure approval and begin US sales as soon as is practicable.

As part of the commercial plan for the US market, the Company plans to supply Technegas Generators to US hospitals and generate revenues through a service model rather than upfront sales of Generators. Removing the upfront capital required will materially reduce the initial financial burden to US hospitals. We also note that under the US Medicare system the full cost of the Technegas consumable will be reimbursed for Hospitals in the USA from Day 1 thereby facilitating an immediate acceptance for Technegas in the new US market.

In 2020, we also continued to pursue regulatory approval for other new markets. During the year, we expanded our presence in South America and in May 2020,

we were pleased to gain regulatory approval to sell Technegas in Russia. This represents the 60th market where Technegas is now available and continues to highlight the global growth potential of Technegas through the ongoing expansion of the technology into new markets.

To fund our growth aspirations, we successfully completed a capital raising of $33 million in February this year, which included an institutional placement of $30 million and a heavily oversubscribed retail share purchase plan raising an additional $3 million. These additional funds will be used to finance the Company's new business model for that market, which we expect will provide for rapid sales following final USFDA approval.

Importantly, the additional capital also ensures Cyclopharm is fully funded to support other new strategic initiatives. These include expanding the use of Technegas beyond the pulmonary embolism market, providing for ongoing research and development and to support additional working capital requirements.

These significant achievements in progressing the USFDA approval process, entering new markets, while successfully managing our ongoing business operations, and funding our growth plans are testament to the hard work of management, led by James McBrayer, along with our dedicated staff. Like all businesses, the current global coronavirus pandemic presented us with many challenges.. I would like to thank James and his management team, along with our staff for their dedicated hard work in rising above these obstacles during this difficult time.

Looking forward, in addition to the US opportunity, we expect our existing markets will continue to recover driven by an increase in patient procedures in parallel with the ramp up in global vaccination efforts, as the world emerges from the coronavirus pandemic.

As the company continues to successfully execute its strategy, your Board is also constantly evaluating its skills and composition to ensure that we implement corporate governance practices that are appropriate for our company operations and its vision. As we plan for an accelerated entry into the US market this year, the Board is considering the appropriate mix of skills required to move into the Company's next stage of development.

Under consideration is the appointment of an additional director with relevant experience to support our entry into the US market.

On behalf of my fellow Directors, I again thank all Cyclopharm staff and shareholders for their ongoing support of the Company.

We are confident that Cyclopharm is in a strong position, both financially and operationally, to build on the successes of 2020 and to achieve long-term, sustainable growth in profits and shareholder value.

I now invite our Managing Director, James McBrayer to provide an update on the company's operations and performance. Thank you, James.

David Heaney
Chairman

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

For more information, please contact:

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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° 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.