cyclopharm
Nuclear Medicine

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technegas
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ultralute

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The Manager
Company Announcements Office
Australian Securities Exchange Limited
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SLIDE 2 - Chairman's Address

Introduction

Good morning,

Thank you for joining us for today's Annual General Meeting of the shareholders of Cyclopharm Limited. My name is David Heaney, Chairman of the Board of Cyclopharm Limited and I will be the chair for this Meeting.

Before I begin, I kindly request that if you have a mobile phone with you, please switch it off, or turn it to silent mode for the duration of this meeting.

I have been advised that a quorum is present in accordance with the Constitution. Accordingly, I declare the Meeting open.

I am pleased to introduce my fellow Directors (*to my left/right*), Vanda Gould and Tom McDonald and our Managing Director, CEO and Company Secretary, James McBrayer.

Also with us today are key members of the Cyclopharm's management team and many staff members who are also shareholders. At the conclusion of the AGM, our staff will be available to take shareholders on a tour of this facility.

I also welcome Mr Stephen Fisher of Nexia Sydney, the Company's Auditor.

Please note that the following documents are tabled and are available for review:

- The Notice of Annual General Meeting,
- Financial Statements,
- Independent Auditor's Report,
- Directors' Report,
- Members' Minute Book,
- Company's Constitution and
- Shareholders' Register.

Ladies and gentlemen,

2017 is the year Cyclopharm laid the foundations for the next phase of the company's growth.

The past year has been one of significant achievements in progressing Cyclopharm's strategic priorities, while benefiting from robust sales in our core Technegas business. The Company began restructuring its European operations and made significant strides forward in achieving USFDA approval.

Today, I will give a brief overview of Cyclopharm's achievements during the past year before asking James to give more detail on the operational and financial performance of the business.

2017 was a year of continued delivery on our business objectives which generated a pleasing financial result, provided the capacity to invest in our growth initiatives and supported the Boards Dividend Policy, including declaring total dividends for the financial year of 1.0 cent per share.

Total sales revenue, in the 2017 financial year, of $13.19 million were 8% lower than the previous corresponding period as solid volume growth in Europe and Canada was offset by an expected hiatus in sales to China. Notably, in Canada, we had our 14th consecutive year of sales volume growth for Patient Administration Sets (PAS).

As you may recall in the 2016 result, we benefited from a seeding initiative by our Chinese distributor, which saw them purchase, what we estimated to be, two years of inventory from us in one transaction. Consequently, in 2017 we had an absence of sales from China, but we expect these sales will resume in the current year.

When the impact of China is excluded, revenue rose 1.4%. Underlying EBITDA in 2017 was a robust $2.64 million. Cyclopharm's results include an AusIndustry $2.39 million R&D tax incentive. The net cash after tax benefit received in 2018 for the R&D incentive was equal to $1.46 million. We expect the R&D tax incentive to remain around this pre and post-tax levels through to at least 2020.

The solid earnings in our core Technegas division translated to healthy cash flows which, when combined with the proceeds of our $6.6 million capital raising in June of last year, gave Cyclopharm a net cash position, at year-end 2017, of $8.69 million.

This gives the Company the balance sheet strength to fully fund our current US Food and Drug Administration trial of Technegas. The successful completion of this USFDA trail is key to getting regulatory approval to start selling Technegas in the US in 2019, an important pillar of Cyclopharm's continued growth.

The US represents a $90 million market for nuclear medicine ventilation imaging and gaining access to that market would lead to a step change in Cyclopharm's financial performance over time.

We are also actively working to expand the use of Technegas for new indications such as Chronic Obstructive Pulmonary Disease (COPD) and Asthma. These additional uses for Technegas represent significantly larger markets than Pulmonary Embolism where Cyclopharm traditionally operates.

During 2017, the Company initiated a clinical trial, in partnership with the University of Newcastle and the Hunter Medical Research Institute, using Technegas in the

evaluation and management of severe asthma, and the first peer reviewed article based on our China COPD trial, which was positive about the efficacy of Technegas, was published in the International Journal of COPD.

In addition, we continue to pursue regulatory approvals for Technegas in Russia and other European markets.

In 2017 we commenced a process of rationalisation and restructuring of our European operations. The objective of this process is to build shareholder value through capturing agency commissions through the consolidation of our distribution and service network and control of pricing arrangements in Europe.

In October 2017 Cyclopharm acquired Inter Commerce Medical bvba (IC Medical), our Group's agent for Technegas in Benelux and restructured our European operations to make Ireland the distribution hub for our direct European markets. Earlier this month we acquired our Scandinavian distributor Medical Analys AB. These changes are expected to drive an increase in European sales and margins in 2018.

Cyclopharm is a leading player in the global nuclear medicine imaging market and lung health space. The Board and Management are committed to the strategy to build a larger and more profitable nuclear medicine and pulmonary healthcare company.

Cyclopharm's strategy for growth is to expand the use of our proprietary products and introduce new innovative technology. We will do this by:

1. Attaining approval to distribute Technegas in the USA
2. Expanding the use of Technegas beyond the traditional diagnosis of Pulmonary Embolism.
3. Identifying, developing and commercialising complementary innovative technology, such as Ultralute™
4. Leveraging our core global regulatory strengths, fiscal discipline and strong balance sheet to seek out complementary technologies and businesses

We have the financial strength to fund, to completion, our USFDA trial and are successfully achieving key milestones to gain access to sell Technegas in the US, the largest nuclear medicine imaging market in the world.

We are delivering, on time and successfully, against key USFDA trial milestones. We successfully completed the recruitment and imaging of the first 40 patients in the USFDA trail initiated in March of this year, in line with our published timeline. This allows us to submit an interim study to the FDA from which we expect to get valuable feedback later this year which may further refine our New Drug Application process.

We are actively engaged in clinical trials into significantly larger applications for Technegas, such as COPD and Asthma, Lung Cancer and Pulmonary Hypertension for both diagnosis and patient management. We estimate the COPD market is 30 times the size of our current Pulmonary Embolism market.

The restructuring and rationalisation of our European operations means we are better positioned to pursue complementary technologies and businesses.

Our consistent execution against our strategic priorities means Cyclopharm is primed for a new and exciting growth phase, starting in 2018.

This new growth phase will be underpinned by continuing strength in Technegas sales, as demand in China returns, and additional Ultralute™ revenues deliver sustainable growth in profits and shareholder value over the coming years.

On behalf of the Board, I congratulate James and his team for their ongoing success in developing the global markets for Technegas and thank all our staff and management for their commitment to the company. Most importantly, I thank all our shareholders and business partners for your continuing support.

I now invite James McBrayer, our Managing Director, to address the Meeting.

David Heaney
Chairman

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