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# Capital Raising for USA Growth Strategy

24 May 2024

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# Transaction overview

| | |
|---|---|
| **US market opportunity** | • The USA represents the single largest market for Technegas® with half of the world's nuclear medicine departments<br>• Estimated initial addressable market of ~US$90m per annum representing the current annual market for pulmonary embolism diagnosis procedures conducted via Nuclear Medicine<br>• Cyclopharm is aiming to double the existing nuclear medicine PE market in the US from ~US$90m to ~US$180m p.a. within 3 – 5 years<br>• US market entry is also expected to drive adoption of CYC's Beyond PE strategy to use Technegas® for additional large disease states to include asthma, COPD and lung cancer |
| **Update on US expansion** | • USFDA Approval received on 29 September 2023<br>• Customer demand established in the US with:<br>  • 136 Proposals and Contracts issued and 420+ expressions of interest received<br>  • 6 Technegas® systems have been installed and are delivering Revenue; 6 further sites under contract<br>• Cyclopharm has applied for Pass-Through status in the US Centre for Medicare Medicaid Services (CMS), which would allow each site to be fully reimbursed for the use of Technegas for a period of up to three years<br>• Pass-Through decision expected on or before 1 October 2024<br>• Cyclopharm is targeting over 300 generators placed in the US by 31 December 2025<br>• Company expects to reach positive net operating cash flows, and EBIT profitability during H2 2025[1] |
| **Capital raising** | • Cyclopharm is seeking to raise A$20 million via an institutional placement to fund its US expansion<br>• In addition, eligible shareholders will be offered the ability to participate in a share purchase plan<br>• Proceeds will primarily be used to finance the activities associated with the expansion and growth of Technegas® in the USA<br>• See Pages 17 – 19 for further details regarding the use of proceeds, raising details and timetable |

(1) Based on AUD / USD FX rate of 0.66.



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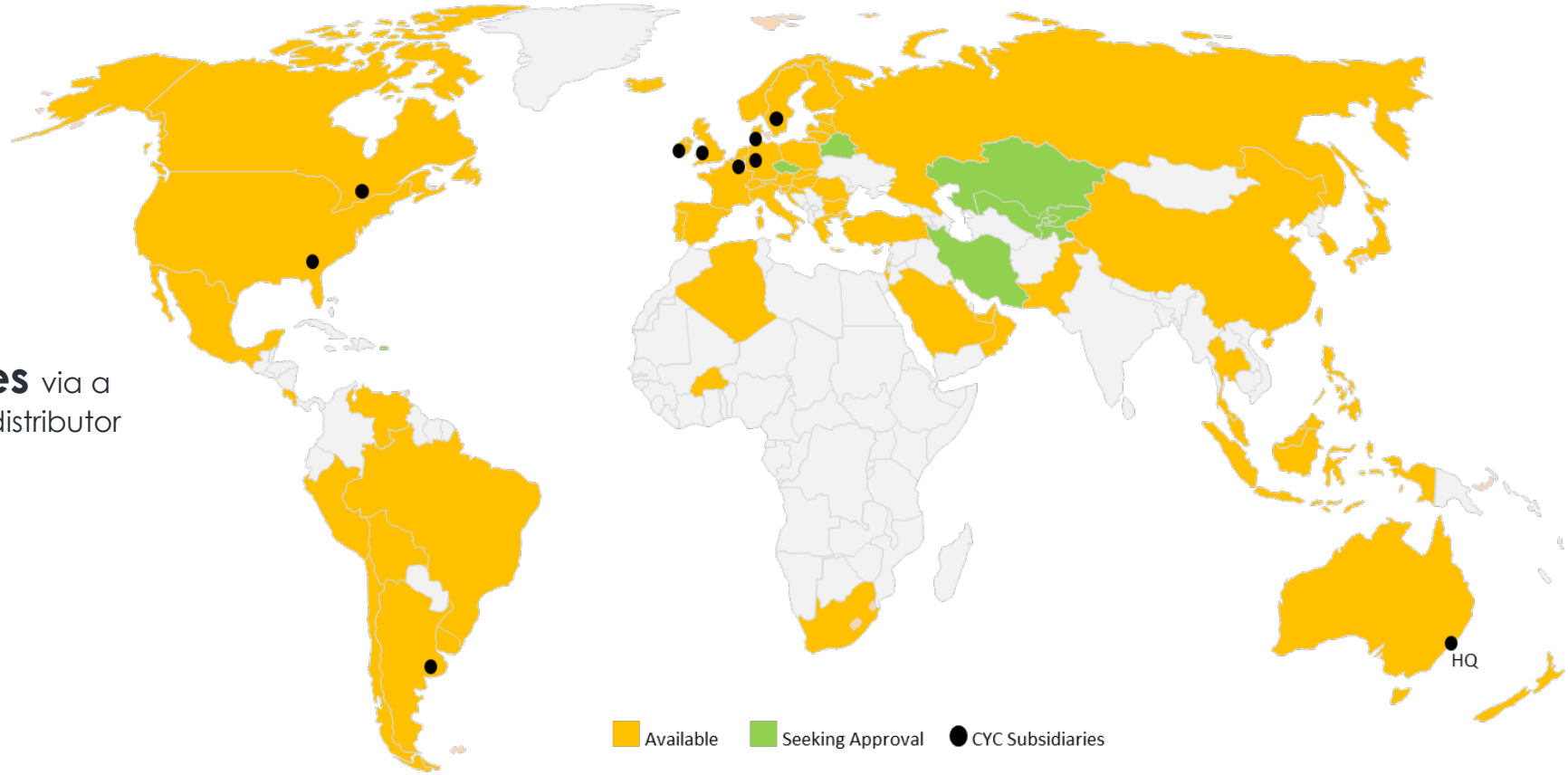
# Technegas® around the world

Technegas® was introduced to the medical community **in 1986**

Technegas® generators are available in **65 countries** via a combination of direct and distributor sales models

Over **4.7 million** patient procedures to date



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# Technegas® Aerosol for Inhalation

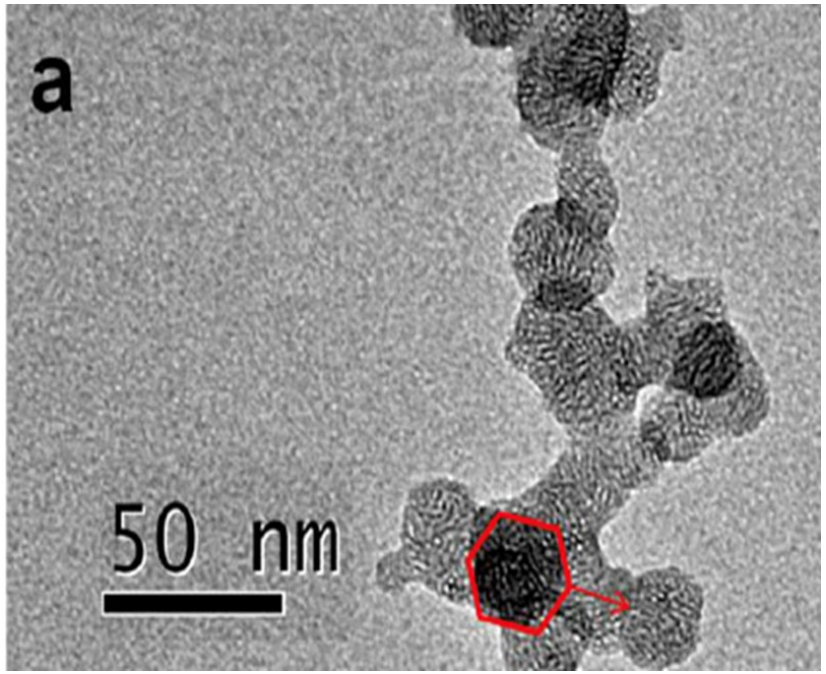
## Functional imaging of Oxygen distribution within the lung

Image source:
Blanc-Béguin et al, 2020

Technegas® is composed of 99mTc cores encapsulated within layers of graphite to form individual hexagonal plate-like particles.[1-2]

Technegas is manufactured by heating Technetium-99m in a carbon crucible within an argon environment for a few seconds at 2,750 degrees Celsius.[3]

Its very small particle size allows distribution into the lungs like a gas and deposited in alveoli by diffusion, providing for Planar, SPECT and SPECT/CT ventilation imaging.




1. Wiebe LI, et al. Current Radiopharmaceuticals 2010; 3(1): 49-59
2. Blanc-Béguin F, et al. Mol Imaging Biol 2020;
3. Lemb M, et al. Eur J Nucl Med 1993; 20(576-579)



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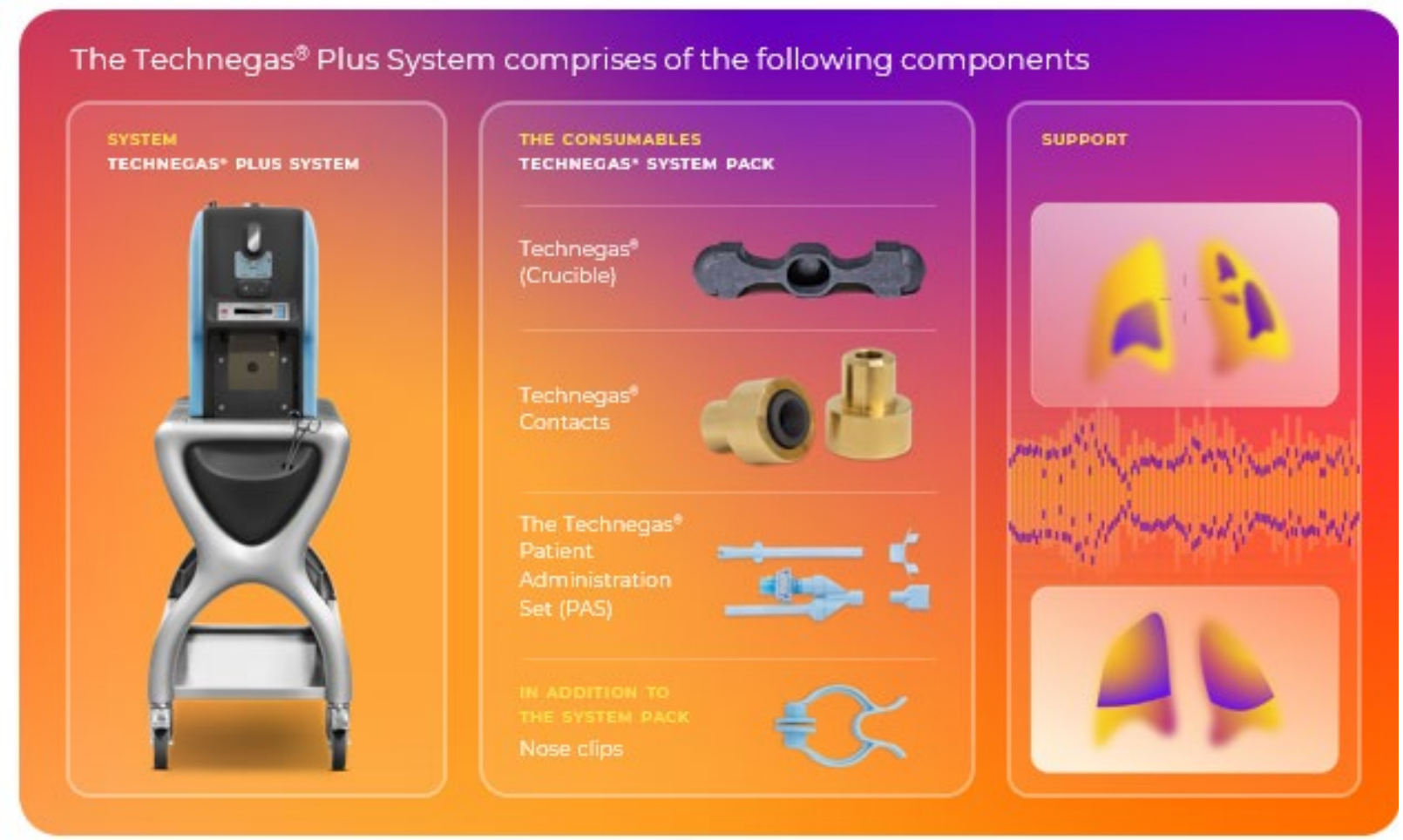
# Overview of the Technegas® Plus System, Patient Consumables and package insert




## USA INDICATIONS AND USAGE

TECHNEGAS, when used with sodium pertechnetate Tc 99m in the Technegas Plus System, provides technetium Tc 99m-labeled carbon inhalation aerosol (Technegas Aerosol), a radioactive diagnostic agent for use in adults and pediatric patients aged 6 years and older for:

- visualization of pulmonary ventilation
- evaluation of pulmonary embolism when paired with perfusion imaging



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# CYCLOPHARM INVESTMENT CASE

TECHNEGAS™

**Profitable and Growing MedTech**

Underlying business is cash positive

**First in Class**

Established Gold Standard

Proprietary product sales to 65 countries with over 4.7 million patient procedures to date

Clinical Agent of Choice referenced by name in multiple clinical guidelines

**USFDA Approval Granted**

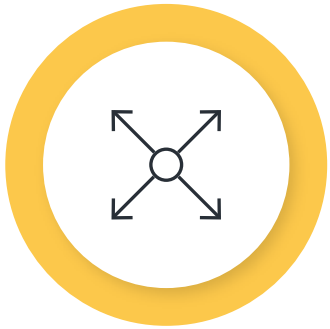
Set to quadruple the size of the existing PE business, based on significant existing demand

Further leverage penetration into the CTPA market

**Recurring Revenue**

From single patient consumables

Similar to an annuity model



**Technegas Product expansion**

Indications Beyond PE into chronic respiratory disease management in large markets such as asthma, COPD and lunch cancer could deliver exponential growth

Market Development already underway



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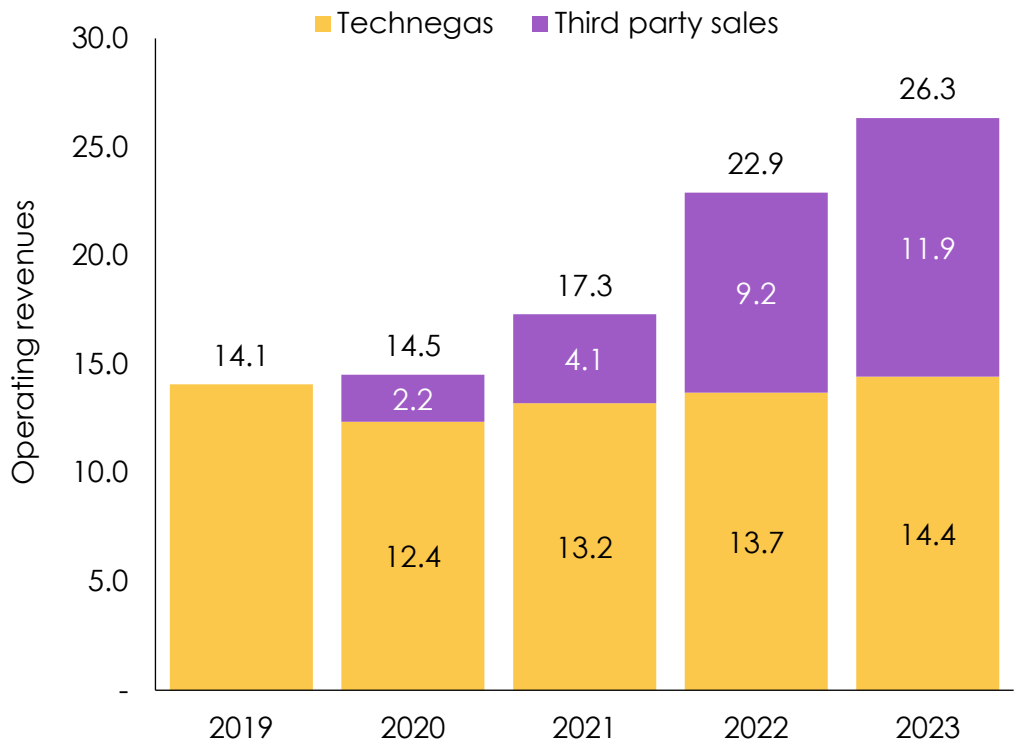
# 2023 Trading Highlights and Underlying Business

## An established global nuclear medicine company

### Cyclopharm 2023 Trading Highlights

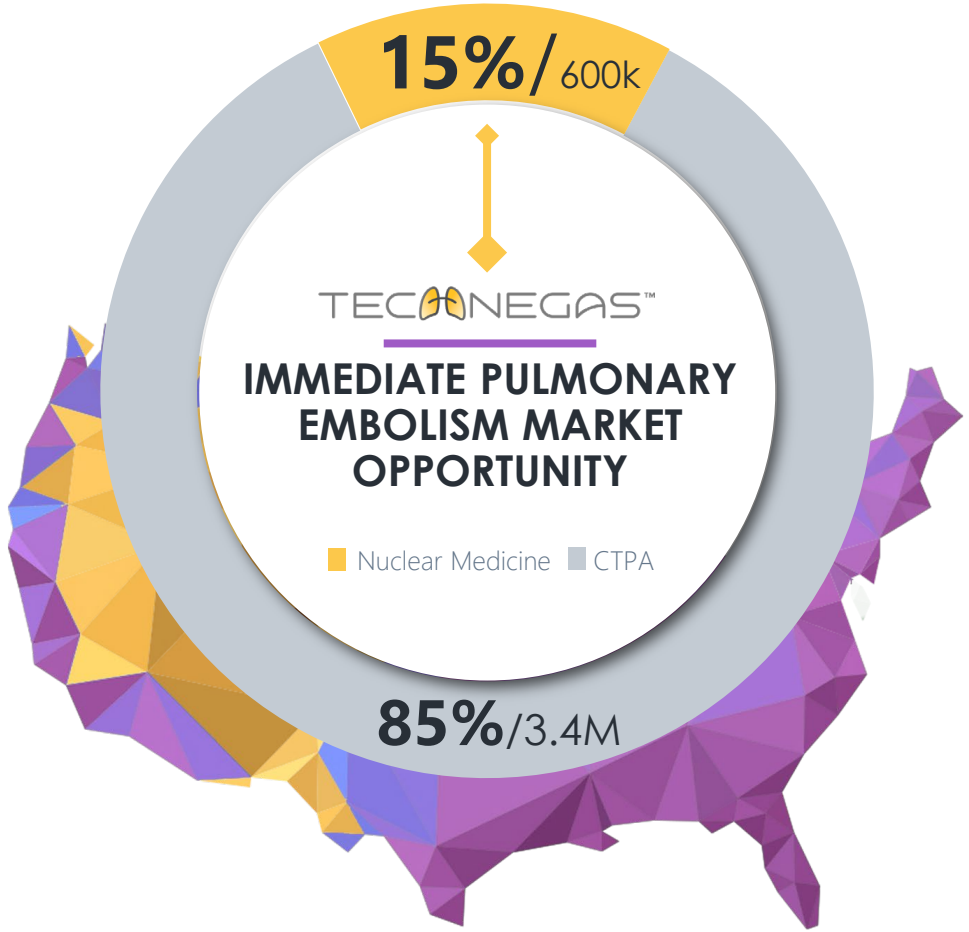
| | |
|---|---|
| **Technegas** | Sales increased 5.6% to $14.4m |
| **Third Party Distribution** | $11.9m of third-party distribution revenue, an increase of 29.3% |
| **Regulatory Renewals** | All regulatory renewals in existing 64 country markets maintained |
| **Indication Expansion** | Continued progress in developing 'Beyond PE' clinical applications providing significant, long-term growth opportunities for Technegas |
| **USFDA** | Approval received on 29 September 2023 |

### Cyclopharm operating revenues over time



# Overview of the US market opportunity

## 600K Nuclear Medicine Ventilation Procedures p.a. in the USA*




1. **Estimated 4,000,000 pulmonary embolism procedures** in the USA p/a (15% Nuclear Medicine / 85% CTPA)
2. ~600,000 (15%) Nuclear Medicine procedures represents an initial **US$90m** addressable market
3. Initial target for Technegas® **~480,000 patient** procedures
4. Technegas® expected to **displace Xe133 followed by DTPA** as the standard of care nuclear medicine diagnostic product in the US
5. 3D SPECT imaging using Technegas® is proven to be **clinically superior and safer than CTPA****
6. Cyclopharm's target is to **double the existing nuclear medicine PE market** in the US, which is dominated by CTPA, from **15% to 30%**
7. US entry expected to drive our **Beyond PE** strategy to use Technegas® for additional disease states (asthma, long-Covid etc.) which are exponentially larger than the existing markets

* Revenue and patient volume projections based on internal company analysis
**Leblanc M, et al. CANM 2018; https://canm-acmn.ca/resources/Documents/Guidelines_Resources/MasterDocument_Final_Nov_21_incl-Exec-Sum_ver3_Dec.%2012_.pdf 2.a



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# US Economic Model

## Placement Model to Expedite Consumable Demand

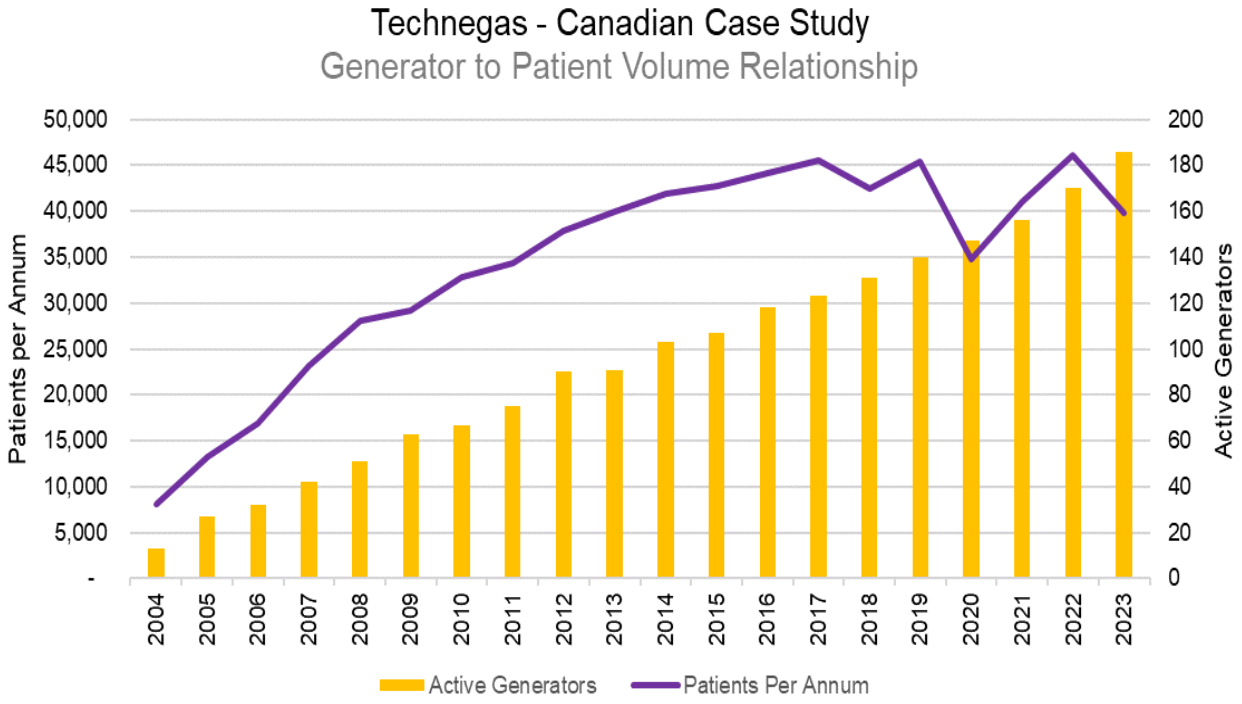
- **US$7k** one-off installation and training fee
- **US$7k p.a.** technology fee, includes servicing
- **Annuity Revenue**
  Per patient fee for consumables (sold in 50 patient units)
- **US$70k** revenue per system per annum expected from larger sites[1]
- **>15 yrs** average life per system

- **System Placement model** supports rapid uptake by US customers by removing the initial capital outlay to drive implementation of the technology
- Initial focus on **clinical trial** and **high-volume sites** for the greatest clinical impact and greater repeat demand for consumables
- Modest cost base for US roll-out - ~US$6.5m operating costs per annum by 2025
- High consumable annuity gross margins expected at greater than 80%

1. Calculation based on expected demand and market price for competing products (e.g. Xe133).

# Track Record - Rapid adoption of Technegas®

## The Canadian Case Study - a strong indicator of USA acceptance




1. Canada is Cyclopharm's largest single country market to date
2. Technegas® is market leader for diagnosing PE and is nearing 100% nuclear medicine market share
3. Xe-133 rapidly displaced by early adopters
4. Close correlation with the number of active generators and annual consumable sales
5. Market launch initiated province by province, leveraging off pilot sites
6. Patient volumes continue to recover post COVID (to include temporary gains in 2022 from the global CT contrast media shortage) with further conversion of additional lower volume sites in 2023

# US Customer Demand Established

## 136 Proposals and Contracts representing over 400+ locations

1. **Over 420 expressions of interest already received**
2. **6 Technegas systems have been installed and are delivering Revenue; 6 further sites under contract**
3. **Additional 40 sites linked to the first 12 locations under contract**
4. **Strong pipeline of further rollout opportunities with 136 Proposals and Contracts issued**
   - 10 contracts in review stage: 15 installations with potential for a further 23 linked sites
   - 6 contracts in committee stage: 9 initial installations with potential 28 additional sites
   - 103 Issued proposals: contracts in early discussions connected to ~ 50 additional affiliated sites
   - 15 proposals provided to the Veterans Administration Healthcare and Military Hospital Systems
   - 18 other opportunities pending outcome of Pass-Through Status from CMS: 22 locations
4. **Pass-Through decision expected on or before 1 October 2024**
5. **Targeting over 300 generators placed by 31 December 2025**



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# Upcoming Milestones and Growth Catalysts

- ✓ Technegas commercial launch at the First North American Society of Nuclear Medicine and Molecular Imaging (SNMMI) conference since FDA approval June 2024
- ✓ **Market expansion** beyond CYC's 65 established country markets
- ✓ **Pass Through** status approval expected to accelerate growth
- ✓ Updates on publications and Cyclopharm **supported Beyond PE** clinical trial initiatives featuring Beyond PE initiatives
- ✓ Material Business Partner Product **distribution contracts** or initiatives
- ✓ Regular updates highlighting **USA progress**

Leveraging an established global commercial footprint



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# Total value creation opportunity

## Exponential Growth Opportunity Over The Next Decade

| Pulmonary Embolism: | Timeline | USA PE Market Share | Market size |
|---|---|---|---|
| 1 **Horizon 1** – Full displacement of existing nuclear medicine tests for PE | 0 - 5 years | 15% | US$90m |
| 2 **Horizon 2** – Commence converting CTPA exams to Technegas | 0 - 8 years | 30% | US$180m* |

| Beyond Pulmonary Embolism: | Timeline Global | Market size |
|---|---|---|
| 3 **Horizon 3** – Expanding Beyond PE Globally into new indications such as asthma and chronic obstructive pulmonary disease | > 8 years | US$900m |
| | **Total long term revenue opportunity** | **>US$1.1bn** |

*Assumes Combined Nuclear Medicine and CTPA Market



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# Beyond PE applications of V/Q SPECT(/CT)

## >US$1.1bn global market size*

Diagnosis and follow-up of **Pulmonary Embolism**[1] and **Pulmonary Hypertension**[2, 15, 16,18, 22]

Preoperative assessment of homogeneous **Endoscopic Lung Volume Reduction (ELVR)** candidates[3,17,]

Preoperative assessment of **lung resection** candidates with borderline pulmonary reserve[4,5,6,20]

Planning **radiation therapy** to target tumors while preserving functional lung zones[6-7]

Advanced approach to phenotyping **chronic airways diseases such as asthma and COPD** and identifying patient likely to respond to treatment[8-10]


Use of alternate isotopes to make Galligas™ for **PET Molecular Imaging**[14, 15]

*Including PE applications. On a long-term basis. See Slide 15 'Horizon 3' for further details.


1. Roach PJ, et al. J Nucl Med 2013; 54: 1588-1596
2. Ohira H, et al. J Nucl Cardiol 2015;22(1): 141-157
3. Hsu K, et al. J Bronchology Interv Pulmonol 2018; 25(1): 48-53
4. Mortensen J, Berg RMG. Semin Nucl Med 2019; 49(1): 16-21
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9. Jögi J, et al. Int J Chron Obstruct Pulmon Dis 2014; 10: 25-30
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14. Blanc-Beguin F, et al, Mol Img Bio 2021, 23:62-69
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17. Tee, et al; Intrevent Pulmonology; 2021, DOI 10.1159/000515336
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19. Berhouse, et al, Respiratory Research 2022; 23: 296
20. Ridiadia, et al, ATS Abstract; doi.org/10.1164/ajrccm-conference.2022.205.1_MeetingAbstracts.A2554
21. Venegas C, et al, ATS Abstract; doi.org/10.1164/ajrccm-conference.2022.205.1
22. Le Roux, et al; Clinical Nuclear Medicine, 27 Oct 2022; doi: 10.1097/RLU.0000000000004426




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# Capital raising, use of proceeds

| Sources | A$m |
|---|---|
| Proceeds from Institutional Placement | A$20.0m |
| **Total sources of funds** | **A$20.0m** |

| Uses | A$m |
|---|---|
| US expansion opportunity | A$11.1m |
| Sydney machinery upgrade to support US volume | A$3.9m |
| Sydney warehouse expansion [1] | A$3.2m |
| Development cost for next generation device | A$1.0m |
| Transaction costs | A$0.8m |
| **Total use of funds** | **A$20.0m** |

1. **Working capital** for US expansion to fund Technegas System manufacture, regulatory support and operations
2. Company expects to reach **positive net operating cash** flows during **H2 2025** [2]
3. Company expects to reach **EBIT profitability** during **H2 2025** [2]
4. Boost manufacturing **capacity** and **storage** space at the Kingsgrove (Sydney) site to support the **expansion** in the USA and **Third-Party Sales**
5. Accelerate the **next generation** of Technegas System with the introduction of new IP and patents

[1] Includes rental, outgoings and warehouse fit-out capex to an adjacent building at the Kingsgrove manufacturing site.
[2] Based on AUD / USD FX rate of 0.66.



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# Offer Details

| | |
|---|---|
| **Placement** | Cyclopharm is today announcing a placement to sophisticated and professional and other institutional investors to raise A$20.0m by way of an institutional placement (Placement)<br><br>Approximately 14.1 million new shares will be issued under the Placement (New Shares) equivalent to ~15.0% of total Cyclopharm existing issued share capital<br><br>The Placement will be conducted under the company's existing 15% Placement capacity under ASX Listing Rule 7.1 |
| **Placement pricing** | • The Placement will be conducted at A$1.42 per New Share (Placement Price)<br>• The Placement Price represents a 13.9% discount to the last traded price of A$1.65 on 23 May 2024 |
| **Ranking** | New Shares issued via the Placement and SPP will rank equally with existing shares from their respective issue dates |
| **Share Purchase Plan** | SPP will be offered to eligible shareholders to raise up to A$2m<br><br>Eligible shareholders in Australia, New Zealand and the United Kingdom will be invited to apply for up to A$30,000 of New Shares free of any brokerage, commission and transaction costs<br><br>New Shares under the SPP will be offered at the Placement Price |
| **Use of Funds** | Funds raised will be used primarily to fund the Technegas® USA expansion, support the underlying business growth and continue Beyond PE expansion opportunities |
| **Lead Managers** | Macquarie Capital (Australia) Limited and Bell Potter Securities Limited |

# Placement and SPP Timetable

| | |
|---|---|
| **Trading halt and Announcement of Placement and SPP** | Friday, 24 May 2024 |
| **Placement bookbuild** | Friday, 24 May 2024 |
| **Announcement of outcome of Placement and trading resumes** | Monday, 27 May 2024 |
| **Settlement of Placement Shares** | Wednesday, 29 May 2024 |
| **Placement Allotment of new shares** | Thursday, 30 May 2024 |
| **Open of SPP** | Friday, 31 May 2024 |
| **Close of SPP** | Friday, 21 June 2024 |
| **Allotment of new shares under SPP** | Friday, 28 June 2024 |

# Cyclopharm Specific Risks

**Regulatory**

Future expansion of Cyclopharm's range of products and services may be governed by regulatory controls in each target market and it is not possible for Cyclopharm to guarantee that approvals in all target markets will be obtained and maintained in the future. The Technegas™ System is required to be registered with the relevant regulatory bodies in each country or relevant jurisdiction.

For example, the Cyclopharm Group has obtained:

- a listing on the Australian Register of Therapeutic Goods Register for the Technegas™Plus Technegas™ generator and the Patient Administration Set (radio-aerosol administration set);
- CE Mark approvals under the stringent European Medical Device Regulations for Technegas™Plus Technegas™ Generator and Patient Administration Set (PAS) of the Technegas™ System;
- a Marketing Authorisation for Pulmotec™, the carbon crucible which is the drug (medicine) component of Technegas™ in Europe;
- a Medical Device Single Assessment Program (MDSAP) certificate that is observed primarily by Australia, Brazil, Canada, Japan and the USA;
- Notified Body recognition that our Quality Management System (QMS) complies with the requirements of ISO13485:2016 for the design, manufacture, installation and repair service of the Technegas™ System; and
- USFDA New Drug Approval of Technegas™ (kit for the preparation of technetium Tc 99m labelled carbon inhalation aerosol) for oral inhalation use and USFDA 510K approval of the Patient Administration Set (PAS).

Ongoing regulatory audits/inspections are necessary for the retention and re-certification of the above-named certificates/licences for continued international distribution of the Technegas™ System.

If for any reason any product registrations or other permits or certifications are withdrawn, cancelled or otherwise lose their status, or are not renewed, it may have a significant effect on the sales of products which rely on them in the relevant country or countries.

The manufacture of Technegas™ does not involve the emission of any environmentally sensitive materials and the Cyclopharm and its group entities are not required to hold any environmental licence or consent under the Environmental Protection Act (Cth). However, in order to expand the Company's research and development capabilities, in 2018, Cyclopharm secured and maintains a Radiation Management Licence from the NSW Environmental Protection Authority to sell, possess and store regulated materials. It is possible that licensing requirements could change with the development of new products and any additional regulatory requirements could impact upon the profitability of the group.

**Reimbursement of products**

Cyclopharm has applied for 'Pass-Through Status' through the Centre for Medicare Medicaid Services (CMC) to allow sites to be fully reimbursed for the use of Technegas™ for a period of up to three years. It is currently anticipated that a decision on whether Cyclopharm will receive 'Pass-Through Status' will be made by 1 October 2024.

Any delay in this decision being made or failure by Cyclopharm to receive 'Pass-Through Status' will negatively impact profitability of the Technegas™ in the US market.

# Cyclopharm Specific Risks (cont.)

**Competition**

The medical equipment/drug industry is very competitive and characterised by large international companies supplying much of the global market requirements.

The emergence of new and/or unauthorised generic technologies could in certain circumstances make the Technegas™ System redundant or negatively impact on the Cyclopharm Group's plans to develop its Ultralute™ business. Accordingly, there is a business risk in that Cyclopharm's key revenue source from the Technegas™ System could be severely disrupted or reduced.

There are products that do compete with Technegas™, in particular Computed Tomography. These products could replace Technegas™ and therefore negatively impact Cyclopharm Group's revenue and profitability.

In addition, Cyclopharm may be unable to compete successfully against current or future competitors where aggressive policies are employed to capture the market. Such competition could result in price reductions, reduced gross margins and loss of market share, which would materially and negatively affect Cyclopharm financial position.

**Product liability**

The performance of Cyclopharm's products is critical to its reputation and to its ability to achieve market acceptance of these products. There is an inherent risk of defective workmanship or materials in the manufacture of Cyclopharm's products and for exposure to product liability for damages suffered by third parties use of the product.

Any product failure could have a materially adverse effect on Cyclopharm's reputation as a supplier of these products and may result in the removal of regulatory approval for products. This would have a materially negative impact of Cyclopharm's business and financial position.

While Cyclopharm has product liability and professional indemnity insurance, there can be no assurance that adequate or necessary insurance coverage will continue to be available at an acceptable cost or in sufficient amounts, if at all, or that product liability or other claims would not materially and adversely affect Cyclopharm's business.

**Sales, marketing and distribution risk**

Cyclopharm will need to ensure that its sales, marketing and distribution resources are deployed effectively, and comply with all legal and regulatory requirements for sales, marketing and distribution in each of the markets where Cyclopharm distributes Technegas and other products. There is a risk that, even with the appropriate level of investment, Cyclopharm will be unable to successfully deploy or maintain its sales, marketing and distribution resources to fully realise the commercialisation of its products.

**Applications other than Pulmonary Embolism**

The Company is in the process of supporting clinical trials to investigate the use of Technegas™ in the treatment and management of additional and exponentially larger indications than Pulmonary Embolism such as COPD, Asthma, Lung Cancer and the effects of Long-COVID.

There is a risk that these clinical trials may not produce the results that the Company anticipates. Additionally, pre or post market clinical trials may fail to produce results satisfactory to the United States Food and Drug Administration, Australian regulatory authority or other foreign regulatory authorities. Any such outcomes would adversely affect the Company's ability to market Technegas more broadly and increase future revenue.

# Cyclopharm Specific Risks (cont.)

**Key product reliance risk**

The Company expects to derive a substantial portion of its revenue in the foreseeable future from sales of Technegas™. Cyclopharm's ability to generate revenue will therefore depend largely on how effectively it can market and distribute Technegas in its target markets, and obtain and maintain the necessary regulatory approvals in those target markets. If the Company is unable to achieve meaningful market penetration with Technegas in its target markets (particularly, the US), there will be a material adverse effects on the Company's growth prospects and financial performance.

**Key market risk**

The United States is considered a key market by the Company. However, there is no guarantee that the Company will be successful in its strategy to expand into the US market. If the Company is unable to execute on its plan to expand in the US, then there will be material adverse effects on the Company's growth prospects and financial performance, and the Company may need to reconsider its commercial strategy.

**Expansion risk**

As Cyclopharm seeks to improve its market position in the US and other target markets, it will seek to improve and upscale its operational, manufacture, sales and service capabilities and infrastructure, and expand, retain, manage and train its employees. If it is not able to manage its expansion and growth efficiently and effectively, there could be a materially adverse impact on the Company's ability to meet customer demands, to expand its business either at all or in a timely manner, its financial performance and its ability to improve its position in the relevant markets.

**Reliance on distributors/loss of key customers**

The Cyclopharm Group operates through a series of contractual relationships with customers, suppliers, distributors and independent contractors.

To date, the Cyclopharm Group has generally provided products and services on the basis of tenders and contracts submitted to customers, followed by purchase orders incorporating the customer's standard terms and conditions of trade as a condition of the acceptance.

Cyclopharm Group maintains a spread of customers through direct and indirect sales channels. The loss of a major distributor could have a significant, adverse impact on Cyclopharm's projected earnings. The majority of sales through distributors or agents are managed through contractual arrangements. Whilst the Cyclopharm Group has distribution agreements in place, some may be terminated by the distributor with up to six months' notice prior to the expiration of the current terms (which vary). Other sales arrangements are not in writing and depend on the ongoing goodwill of the parties. The Directors are concerned to ensure that all such relationships are formalised.

All contracts, including those entered into by the Cyclopharm Group, carry a risk that the respective parties will not adequately or fully comply with their respective contractual rights and obligations or that these contractual relationships may be terminated.

Cyclopharm's financial result could be adversely affected by the loss of large customers, a change in the terms of business with a large customer, or by such customers not adequately or fully complying with their respective contractual rights and obligations.

**Supplier risk**

Cyclopharm depends on third parties for the supply of certain critical materials necessary for the manufacture of its products. A disruption in the availability of such materials could require Cyclopharm to find alternative suppliers. There is no guarantee that Cyclopharm will be able to locate alternative suppliers on commercial terms or at all. This may have a materially adverse effect on Cyclopharm's business and financial position.

# Cyclopharm Specific Risks (cont.)

**Intellectual Property Rights**

The Cyclopharm Group's success may be affected by its ability to maintain patent protection for products and processes, to preserve its trade secrets and to operate without infringing the proprietary rights of third parties.

There is a risk that Cyclopharm may be unable to detect the unauthorised use of its intellectual property rights in all instances. Additionally, actions that Cyclopharm take to protect is intellectual property may not be adequate or enforceable and thus may not prevent the misappropriation of, or the copying or circumvention of, its intellectual property and proprietary information.

**Patent risk**

Patents are territorial in nature and patents must be obtained in each and every country where protection is desired. There can be no assurance that any patents which the Company may own or control will afford the Company significant protection of its technology or its products have commercial application. Any patent or trademark may be challenged on a number of grounds but the onus is on the party seeking revocation to establish those grounds.

The validity and breadth of claims covered in patents involve complex legal and factual questions and therefore may be highly uncertain. No assurance can be given that the pending applications will result in patents being issued, that such patents or the current patents will provide a competitive advantage, will not infringe the rights of third parties or that competitors of the Cyclopharm Group will not design around any patents issued. Further, any information contained in the patent applications will become part of the public domain, so that it will not be protected as confidential information. As legal regulations and standards relating to the validity and scope of patents evolve, the degree of future protection of the Cyclopharm Group's proprietary rights is uncertain. However, those regulations and standards in the field of nuclear medicine (in which the Cyclopharm Group's technology resides) are relatively well established and non-controversial.

**Reverse engineering risk and trade secret risk**

There is a risk of Cyclopharm's products being reverse engineered or copied. Cyclopharm relies on trade secrets to protect its proprietary technologies, especially where it does not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. The Company relies in part on confidentiality agreements with its employees, contractors, consultants, outside scientific collaborators and other advisors to protect its trade secrets and other proprietary information. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorised disclosure of confidential information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect the Company's competitive business position.

**Cyber security risk**

There is a high risk that the Company's electronic storage systems may suffer a data breach or attack through hacking, trojans, viruses or other cyber-attacks. Such a breach or attack could cause loss, damage or theft of information relating to intellectual property, trade secrets, product development, company employee data, contract information, strategic and financial information, and regulatory information causing a disruption to business operating and eroding competitive disadvantage. The occurrence of any of these events could have a materially adverse effect on Cyclopharm's financial position.

**Reliance on key personnel**

The Company's research and development and its operational success will substantially depend on the continue employment of senior executives, technical staff and other key personnel. The loss of key personnel is likely to have an adverse effect on the Company's operation or performance.

# Cyclopharm Specific Risks (cont.)

**Currency and exchange rate fluctuations**

The financial contribution to the Cyclopharm Group of the Technegas™ System will depend on the movement in exchange rates between the Australian dollar and a number of foreign currencies, particularly the Euro. The exchange rate between various currencies may fluctuate substantially and the result of these fluctuations may have a material adverse impact on Cyclopharm's operating results and financial position. In the long term, Cyclopharm's ability to compete against imported products may be adversely affected by an expectation of a sustained period of a high Australian dollar that would reduce the Cyclopharm Group's price competitiveness. The majority of the Cyclopharm Group's operational expenses are currently payable in Australian dollars. The Cyclopharm Group also supplies its product to overseas markets and hence is exposed to movements in the A$ exchange rate. The Cyclopharm Group does not enter into forward exchange contracts to hedge its anticipated purchase and sale commitments denominated in foreign currencies. As such, Cyclopharm is exposed to exchange rate fluctuations.

**Global business risk**

As the Cyclopharm Group is and will continue operating in numerous countries, the Cyclopharm Group will be exposed to risks such as unexpected changes in regulatory requirements (including taxation), longer payment cycles, problems in collecting debts, fluctuation in currency exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds and potentially adverse tax consequences, all of which could adversely impact on Cyclopharm. The Cyclopharm Group currently requires, and in the future may require further, licenses to operate in foreign countries which may be difficult to obtain and retain depending on government policies and political circumstances.

**Disruption to business operations**

As a manufacturer, the Cyclopharm Group is exposed to a range of operational risks relating to both current and future operations. Such operational risks include supply chain

disruptions, equipment failures, IT system failures, external services failure (including energy supply), industrial action or disputes and natural disasters. If one or more such operational risks materialize, they may have an adverse impact on the operating and financial performance of Cyclopharm.

**Share market and liquidity risk**

No assurances can be given of the price at which the shares offered under the capital raising will trade or that they will trade at all. The Company's shares may trade on the ASX at higher or lower prices than the price at which shares are issued. Investors who decide to sell newly acquired shares after the capital raising may not receive the amount of their original investment. The price at which newly acquired shares trade on the ASX may be affected by the financial performance of the Company and by external factors over which the Directors and the Company have no control.

These factors include movements on international share and commodity markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

**The Company will apply for quotation of the Shares offered under the Offers.**

As the Company will not apply for quotation of the Attaching Options, there is unlikely to be a viable market for the Attaching Options and sale or transfer of the Attaching Options may be difficult.

# Cyclopharm Specific Risks (cont.)

**Dependence on general economic conditions**

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to debt and capital markets, government fiscal, monetary and regulatory policies.

A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a materially adverse impact on the Company's business or financial condition. Changes to laws and regulations or accounting standards which apply to the Company from time to time could adversely impact the Company's earnings and financial performance.

There are also other changes in the domestic and global macroeconomic environment that are beyond the control of the Company and may be exacerbated in an economic recession or downturn. These include but are not limited to (i) high inflation and rising interest rates; (ii) changes in foreign currency exchange rates; (iii) changes in employment levels and labour costs; (iv) changes in aggregate investment and economic output; and (v) other changes in economic condition which may affect the revenue or costs of the Company.

**Ukraine and Gaza Conflicts**

The war between Ukraine and Russia (Ukraine Conflict) and Israel and Palestine (Gaza Conflict) is impacting global economic markets. The nature and extent of the effect of the Ukraine Conflict and Gaza Conflict on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the Ukraine Conflict and Gaza Conflict.

The Ukraine Conflict and Gaza Conflict has potential secondary and tertiary macroeconomic impacts, including the changes in pricing of commodity and energy markets, effects on global supply-chain and freight movements which would impact the supply of raw materials and delivery of finished goods and the potential of cyber activity impacting governmental or industry measures taken in response to the Ukraine Conflict and Gaza Conflict.

**Tax risk**

Any change to the company income tax rate in jurisdictions in which the Company operates will impact on shareholder returns, as will any change to the income tax rates applying to individuals or trusts. Any change to the tax arrangements between Australia and other jurisdictions could have an adverse impact on future earnings and the level of dividend franking.

**Legislative and regulatory changes**

Legislative or regulatory changes in jurisdictions in which the Company operates, including property or environmental regulations or regulatory changes in relation to products sold by the Company, could have an adverse impact on the Company.

# International Offer Jurisdictions

This document does not constitute an offer of new ordinary shares (**New Shares**) in Cyclopharm in any jurisdiction in which it would be unlawful. In particular, this presentation may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

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This document has not been registered, file with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**).

The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activities criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- Is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- Is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

**Hong Kong**

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No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within 6 months following the date of issue of such securities.

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# International Offer Jurisdictions (cont.)

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**United Kingdom**

Neither this presentation nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

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