

## ASX ANNOUNCEMENT

### Business Update

**30 May 2022, Melbourne, Australia**

- Capital markets are challenging generally for biotechnology world-wide – including Exopharm
- Exopharm Board takes proactive steps to reduce non-core and other costs
- Board exploring non-capital based funding options
- Cash inflow from pharmaceutical companies

Exopharm Limited (ASX:EX1) provides a further update for shareholders highlighting its commitment to a strong focus on core activities, together with cash management discipline.

Exopharm continues to make significant progress, and investment, in key areas of its core business, namely:

- exosome technology & product development and validation; and
- deriving revenue from commercial transactions in the pharmaceutical industry.

Directors are, however, mindful of the present financial markets and the generally poor sentiment around the biotechnology sector in global share markets against Exopharm's present cash position.

The Directors are being proactive in response to the present circumstances, including feedback from investors, and are making some significant changes.

The things we can control are:

- reducing our spend on non-core and other areas; and
- exploring potential funding opportunities around the yearly R&D Tax Incentive Cash rebate.

#### Proactive steps to reduce non-core and other costs

Whilst Exopharm continues its commitment to its core business areas – technology, products and commercialisation – it is reducing costs in non-core and other areas.

Directors have implemented the following to strengthen Exopharm:

- The non-executive Directors have voluntarily cut their Director fees by 20%;
- The Managing Director/CEO Dr Ian Dixon has voluntarily cut his salary by 20%;
- The corporate overhead costs of the company have been reduced by the exit of two members of the Executive Team - COO Ms Daisy Scarborough and Senior Vice

President – Finance Dr Johannes Mühl (also Chair of the Exopharm Pipeline Products Panel);

- All salary increases are presently on hold; and
- International travel costs have been reduced by a change in the company's travel policy.

Cash management is under ongoing scrutiny and controls in non-core areas.

Ongoing investment into generating data and further developing our technologies are core to Exopharm's future – and supports commercial transactions and future revenue. This progress is not being affected through the measures noted above.

#### Exploring non-capital based funding options

The Board is also actively engaging in discussions and negotiations regarding potential funding opportunities which would build on Exopharm's past record of successful R&D Tax Incentive rebate applications, without being tied to the normal timing of the rebate process. Further announcements would be expected to be made according to the progress of these discussions and negotiations.

Loan advances on estimates of potential Research and Development Tax Incentive (R&DTI) cash rebates are a cash-management tool used by various Australian biotechnology companies each year, and such a loan facility can bring forward a proportion, commonly in a range up to about 80%, of an estimate of a company's potential R&DTI cash rebate. The process to secure such loan advances is standardised and there are a number of specialised R&DTI loan providers in the market. Such loans are typically secured on the estimated R&DTI rebate and the cost of the loan depends upon the duration of the loan. The R&DTI cash amount is typically calculated as 46.5% of R&D spend in the claimed period and biotechnology companies are usually seen as R&D intensive.

For the past 4 years Exopharm has received significant R&DTI cash rebates but not used a loan advance facility to bring the potential cash forward.

#### Cash inflow from pharmaceutical companies

The level of interest amongst pharmaceutical companies to use exosomes as a means to deliver modern RNA-based and other nucleic acid medicines is building. As a leader in exosome technologies, Exopharm is not limited to singular potential transactions.

Directors note that generating data and further developing its technology are core to Exopharm's future – and supports commercial transactions and future revenue.

Founder and CEO Dr Ian Dixon said 'The Directors of Exopharm understand the concerns of shareholders and the present state of the financial markets. The Board is working to extend the cash runway whilst maintaining core operations.'

*This announcement has been authorised for release by the Managing Director.*

**Company and Media Enquiries:**

Join our mailing list to receive updates:

<http://exo.ph/ExoMails>

[www.exopharm.com](http://www.exopharm.com)

P: +61 (0)3 9111 0026

Rudi Michelson

Monsoon Communications

Tel: +61 (0)3 9620 3333

rudim@monsoon.com.au

**ABOUT EXOPHARM**

Exopharm Limited (ASX:EX1) is a clinical-stage biopharmaceutical company at the forefront of transformative medicines using exosomes, or extracellular vesicles (EVs), and is pursuing a pipeline-driven platform strategy.

Exosomes can be loaded with a variety of active pharmaceutical ingredients (APIs) and can be targeted to selected cell and tissue types (tropism) – improving the safety profile of the APIs and providing better treatments.

Exosome delivery of DNA and other gene therapies into the nucleus of the patient's cells can improve treatment of inherited medical conditions.

Exosomes are an alternative means of drug delivery inside the body, alongside technologies such as lipid nanoparticles (LNP), cell-penetrating peptides, viral vectors and liposomes. The drug delivery industry is growing at a compound annual growth rate (CAGR) of 5% and is currently valued at about US\$175 billion (\$233 billion)<sup>1</sup>.

Exopharm's exosome technologies meet important needs for the success of exosome medicines – LEAP manufacturing technology, LOAD API loading and EVPS tropism.

Exopharm's suite of exosome technologies enables its own pipeline of exosome medicines – each aimed at delivering a transformative medicine for an unmet medical need.

Exopharm's intellectual property is also available under licences or partnerships to empower others to build their pipelines around the benefits of exosome medicines.

## **FORWARD LOOKING STATEMENTS**

This announcement contains forward-looking statements which incorporate an element of uncertainty or risk, such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets', 'aims', 'plans' or 'expects'. These statements are based on an evaluation of current corporate estimates, economic and operating conditions, as well as assumptions regarding future events. These events are, as at the date of this announcement, expected to take place, but there cannot be any guarantee that such events will occur as anticipated or at all given that many of the events are outside of Exopharm's control or subject to the success of the Development Program. Furthermore, the Company is subject to several risks as disclosed in the Prospectus dated 6 November 2018.