

ASX Announcement

Melbourne, Australia, 21 September 2023

Financial improvements continue

Highlights:

1. Receipt of \$1.17M as net proceeds of FY 22-23 R&D Tax Incentive (R&DTI) cash rebate
2. Radium Loan closed out, company is now debt-free
3. Sale of surplus equipment brings in tenders of around \$570,000
4. Further reductions in normal operating costs to around \$130,000 per month going forward and around \$2.6M cash balance anticipated by November 2023 *
5. Ongoing activities re exosome technology commercialisation

(* note – subject to Company's R&DTI rebate being received by that time, finalisation of surplus equipment sales and no unbudgeted outgoings)

Genetic medicine and exosome-based drug-delivery company Exopharm Limited (ASX: EX1) provides updates to Shareholders.

Receipt of \$1.17M as net proceeds of R&DTI cash rebate

In July 2023, the Company submitted its FY2022-23 application for R&D tax incentive registration and received that registration on 1st August 2023. On 9th August 2023 the Company lodged its Tax Return with the Australian Taxation office seeking a rebate on eligible R&D expenditure incurred in FY2022-23.

On 20th September 2023, the Australian Taxation office remitted the R&DTI rebate of \$2,713,673, of which \$1,544,709 was passed on to Radium Capital to satisfy the R&D loan facility (the loan being in two Tranches, with the first Tranche (Tranche 1) of \$961,000 received in Q2 FY23 and the second Tranche (Tranche 2) of \$430,746 received in Q3 FY23) and interest charges calculated over the term of the loan (\$152,963).

The net proceeds of the R&DTI rebate, being \$1,168,964, have now been banked and add to the cash reserves of the Company.

Exopharm's Managing Director, Dr Ian Dixon, said 'Bringing in the R&DTI cash rebate and closing out the Radium Capital loans further improves the financial position of the Company.'

Radium Loan closed out, company is now debt-free

In FY2022-23, the Company received cash advances from Radium Capital to improve its cash position. The interest rate for the loan facility was 14% per annum for Tranche 1 and 15% per annum for Tranche 2. The facility was secured against Exopharm's 2023 FY R&DTI refund.

As described herein, the Radium Loan has been satisfied in full and has been closed out, leaving the Company debt-free going forward.

Sale of surplus equipment brings in tenders of around \$570,000

The Board has undertaken a further review of operations. There have been recent reductions in staff and laboratory facilities together with a decision that future work will potentially be outsourced to commercial partners, commercial contract research organisations (CROs) or Academic Laboratories under paid research agreements.

With this in mind, a decision was made to offer surplus equipment to interested local biotechnology companies and research institutes. A tender process has been run and firm offers of around \$570,000 (excl GST) have been received for the items offered. Invoices have now been issued and the deadline for payment was 11 September 2023.

The final net proceeds from the sale of surplus equipment will be banked and add to the cash reserves of the Company.

Further reductions in normal operating costs to around \$130,000 per month going forward and around \$2.6M cash balance anticipated by November 2023 *

The Board of Exopharm has been implementing a strategy that includes reducing monthly normal running-costs and extending the cash runway for the Company.

The main redundancy costs are now behind us and normal monthly operating costs have been brought down, as foreshadowed in the last Appendix 4C release, to around \$130,000 going forward.

With reduced in-house R&D activities and the need for further reduction in monthly operating costs, the role of a full-time Chief Technology Officer has been concluded. Dr Mike West joined the Company in November 2021 and made an important contribution to several technological challenges facing the Company. Dr Ian Dixon, said 'Mike helped us make some advances across each of our main technologies and facilitated relationships with potential partners. I thank him for his time with us and his commitment.'

The cumulative effect of these outcomes and initiatives is that the Company anticipates a cash balance of around \$2.6M in November 23.

Ongoing activities re exosome technology commercialisation

As announced on 17 November 2022, Sartorius BIA is evaluating the synergy of Exopharm's patented LEAP technology together with BIA's unique Convective Interaction Media (CIM) for potentially improved large-scale exosome production.

This program continues and at this stage further data is expected to support evaluation later in CY '23.

Discussions and technology evaluation activities are also underway with others.

By the Managing Director – this announcement has been authorised for release by the Managing Director.

[Company and Media Enquiries:](#)

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www.exopharm.com

P: +61 (0)3 9111 0026

Ian Dixon
Managing Director

Tel: +61 418 561 907
ian.dixon@exopharm.com

[ABOUT EXOPHARM](#)

Exopharm (ASX:EX1) is a leader in advancing Genetic Medicines and other exosome-based medicines using exosomes or extracellular vesicles (EVs) as a chassis for improved and non-viral drug-delivery.

Exosomes can be loaded with a variety of active pharmaceutical ingredients (APIs) and can be targeted to selected cell-types and tissue types, improving the safety-profile of the APIs and providing better treatments. Exosomes can be used to deliver small molecule drugs, mRNA, DNA and other types of APIs.

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.

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

Exosome-based medicines could improve the treatment of many chronic or inherited medical conditions.

Exopharm is making its proprietary technologies available to pharmaceutical and biotechnology companies that want to harness exosome-delivery for their own products.

Exopharm is also seeking to develop important exosome medicines itself.

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.