ASX ANNOUNCEMENT

Quarterly Activities Report and Appendix 4C

- US Patent granted for Exopharm's LEAP™ technology supports partnering
- Exopharm and Astellas Institute for Regenerative Medicine (AIRM) enter into a Master Collaborative Services Agreement showcasing Exopharm's technologies
- Continued international Pharma industry partnering and licensing activities headed up by Exopharm's President-International Mr David Oxley
- Senior Management team – strengthened and renewed

31 January 2022

Melbourne, Australia: Exopharm Limited (ASX:EX1) is a clinical-stage company at the forefront of developing transformative exosome medicines.

Exopharm provides this update on activities and the Appendix 4C for the quarter ended 31 December 2021 and recent events.

US Patent 11202805 is granted for Exopharm's LEAP™ technology & supports partnering

This patent positions Exopharm as a global leader in meeting the challenge of large-scale, commercial production of exosomes needed to enable leading-edge exosome medicines. The US patent 11202805 was granted on the 22nd December 2021 and grants Exopharm exclusive rights on the proprietary LEAP™ exosome purification technology in the USA. Partnering and licensing discussions re the LEAP technology will be enhanced by the US patent grant.

LEAP™ is one part of Exopharm's intellectual property and know-how. LEAP purification is now the subject of two research agreements that Exopharm has with industry leaders, and it has the potential to become the industry standard for exosome medicines, a field which is growing strongly and attracting the interest of pharmaceutical companies world-wide.

The LEAP™ patent has already been granted in Russia, and Exopharm continues to pursue this patent family in a further 10 jurisdictions.

Exopharm and Astellas Institute for Regenerative Medicine (AIRM) enter into a Master Collaborative Services Agreement

On the 31 January 2022, Exopharm entered into a Master Collaborative Services Agreement (MSA) with the Astellas Institute for Regenerative Medicine (AIRM).

AIRM is a subsidiary of Astellas Pharma Inc., a top 20 global pharmaceutical company with global sales of around US$12 billion p.a. and strong investment in R&D to support the development of new treatments to address unmet medical needs.

The MSA enables laboratory work to demonstrate the effectiveness of Exopharm's LEAP, LOAD and EVPS technologies utilising AIRM's cell assets and technologies. If successful, the collaboration could extend and bring exosome medicines into the AIRM pipeline.

The LEAP project will commence in early 2022 at Exopharm's laboratories in Melbourne and will use Exopharm's LEAP technology to purify exosomes derived from two proprietary AIRM cell lines. A second phase of this project will involve transferring the LEAP technology to the AIRM research facility in the USA for their further evaluation and use.

Under the terms of the MSA, AIRM will pay Exopharm fees of US$481,000 for both projects over a period of around 15 months, starting in March 2022.

Continued international Pharma industry partnering and licensing activities

Mr David Oxley joined Exopharm's senior executive team as President – International in August 2021. David has extensive experience in the international pharmaceutical, biologics and CMO arena.

In the past quarter David has been leading the prosecution of our global commercial strategy with Pharmaceutical and CMO companies.

The level of interest in exosomes amongst leaders in the biopharmaceutical industry is high and growing.

Senior Management team – strengthened and renewed

In November 2021 Dr Mike West joined Exopharm as Chief Technology Officer. Mike holds a PhD in Medicinal & Organic Chemistry, and a Masters in Intellectual Property Law. Mike brings with him a wealth of experience in managing drug development projects with teams in France, Denmark, India, China and the USA.

Mike is driving improvements in our technology development and assisting in the selection of the pipeline products Exopharm will invest into. Mike is leading building Exopharm's product development capability for the pipeline products and partnering opportunities.

In November 2021 Mrs Daisy Scarborough joined Exopharm as Chief Operating Officer and Chief of Staff. Daisy manages the Legal & IP, Human Resources and Business Services teams, including the lab and facilities at the Baker Heart and Diabetes Institute in Melbourne. Daisy brings with her a wealth of experience in managing large operational teams, and with 10 years at The Walt Disney Company leading the change management for mergers and acquisitions has the capability to enable organic growth within small and successful companies.

In October 2021 Dr Johannes Mühl was appointed Chairman of the Exopharm Pipeline Products Panel, in addition to his role as Senior Vice President – Finance. Johannes heads up the selection panel to assess and select a small number of products Exopharm will develop as its own pipeline products.

Subsequent to the end of the quarter

Dr Caitlin Gladman is joining Exopharm in March 2022 as Vice President Communications, Partnerships & Business Development. Caitlin's focus initially will be on developing Exopharm's external communications, supporting our business development team and our partners and building more powerful branding in line with the Company's strategy as a pipeline-driven platform technology company.

Dr Christopher Baldwin has resigned from the company to further progress his career. A planned handover and transition are underway between the other senior managers and industry contacts.

The Executive Team now comprises of Dr Ian Dixon, Managing Director & Founder, Mrs Daisy Scarborough, Chief Operating Officer and Chief of Staff, Dr Mike West, Chief Technology Officer, Mr David Oxley, President – International and Dr Johannes Mühl as Senior Vice President – Finance and Chairman of the Pipeline Products Panel.

Operational and Investment Update

Founded in 2013 by Dr Ian Dixon, Exopharm is a pioneer in exosome medicines and the technologies required to bring exosome medicines into mainstream medicine.

In 2022, the power of modern medicines is very visible - with innovative mRNA vaccine products part of daily conversation.

Modern medicines are underpinned by the need for innovative drug delivery – a US$160 billion p.a. part of the pharmaceutical industry. And exosomes are emerging as a new and unique part of the drug delivery alternatives pharmaceutical companies can harness for their modern medicines.

Exopharm is proud to be at the forefront of this medical advancement – we are continually building better technologies to advance exosome medicines – LEAP, EVPS, LOAD, Exoria and more.

Exopharm seeks to build financial value for shareholders in two main streams:

- Deriving non-dilutive income from licensing and partnering deals with biotechnology and pharmaceutical companies; and
- Building a pipeline of our own exosome medicine products

Our operations and investments are directed towards success on these two fronts.

Exopharm is one of the few companies in the world with the capability to harness exosomes as a targeted delivery technology for therapeutic payloads such as gene therapy, RNA, small molecules and proteins.

Steady progress in main activity areas over the quarter

Developing and protecting IP

As a platform technology company, Exopharm invests in the development and protection of its Intellectual Property (IP).

Exopharm continues building a portfolio of IP across a range of exosome-related technologies, including:

1. Purification (LEAP)
2. Loading drug cargo into exosomes (LOAD)
3. Giving exosomes tissue tropism (targeting) (EVPS)
4. Tracking and counting invisible exosomes (Exoria)

The Exopharm team have a strong track record in developing important and patentable IP.

Demonstrating our technologies

Partnerships and licensing deals hinge on the customer's needs and Exopharm's proven ability to meet those needs.

Demonstrations are an essential 'sales tool' and supporting data is paramount to transactions.

Over the past quarter we have further expanded our laboratories and scientific/engineering staff. We have also purchased more specialist equipment to support our ability to demonstrate our technologies.

Discussions at higher levels – leading to practical collaborations

In the past quarter our team has been communicating with organisations at different levels – explaining exosomes and exploring how exosomes could solve here-and-now problems in industry.

Our investment in business development is starting to pay off, with early-stage research collaborations and demonstrations as the kick-off.

Our own pipeline products

In 2022 our product focus is different and our product strategy is clear.

Exopharm will take a small number of 'engineered exosome' products into clinical trials and towards registration.

Developing pipeline products will require a significant investment over time and extra experts added into the company, but the potential rewards are too big to ignore. Also, developing products provides newsflow and market interest.

Our Pipeline Products Panel, headed up by Dr Johannes Mühl and assisted by Dr Mike West, Dr Jennifer King, Dr Sam Keenan and Dr Ian Dixon, is working through a field of potential products to bring into our pipeline. This analysis is detailed and thorough and cannot be rushed.

The need for exosomes is building in the pharmaceutical industry

Across the pharmaceutical industry, exosomes are being recognised as a different and particularly important means for delivery of gene therapies, gene editing constructs, transcription factors, mRNA, DNA, viral vectors, targeted delivery of small molecule drugs and more.

Exosomes are an exciting and growing class of medicine that could solve the medical problems for millions of people – rare genetic conditions through to population health problems.

Although mRNA vaccines using lipid nanoparticle (LNP) delivery have become commonplace, delivery of non-vaccine modern medicine products continues to be a major challenge.

Exosomes can overcome some limitations of alternative delivery vehicles used for nucleic acids, such as lipid nanoparticles (LNPs) and viral vectors. Exosomes have low immunogenicity and the potential to increase cargo encapsulation, enhance delivery to cells and target specific organs.

As one of a small number of companies with these capabilities, Exopharm is well-placed for partnership with pharmaceutical and biotechnology companies aspiring to use exosomes to deliver their assets inside the body.

Our LEAP purification technology gives us a seat at the table

A lack of purification and manufacturing scale has been holding back the whole exosome field. Exopharm's LEAP purification technologies were developed to overcome this bottleneck; it has been demonstrated to be the most scalable exosome therapeutics purification technology available and has been clinically proven for GMP-compatible exosome purification.

Exopharm has published data on the LEAP technology and partnering interest is growing.

Appendix 4C commentary

Exopharm ended the quarter with cash of $9.4 million ($9.0 million at 30 September 2021). Quarterly operating cash outflows for the period was $3.4 million ($3.2 million outflow in the prior quarter).

Cash outflow for the period was predominately R&D costs – product development, manufacture and testing programs and R&D related salary costs – all aimed at supporting Exopharm's development and commercialisation activities.

Additionally, during the quarter, Exopharm received the following cash inflows:

- R&D Tax Incentive rebate for the 2020/2021 financial year of $3.9 million.
- Export Market Development Grant (EMDG) for the 2020/2021 financial year of $30,000
- Payment of $20,392 by Showa Denko Materials Co., Ltd. relating to the Feasibility Study Agreement (as announced to the ASX on 08 September 2021).

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in items 6.1 of the Appendix 4C includes gross salaries, superannuation, fees to executive and non-executive directors and advisory panel fees, as follows:

- Total Gross salaries to directors: $160,944 (including superannuation and advisory panel fees)
- Total payments to related parties and their associates included in items 6.1: $160,944

By the Board - this announcement has been authorised for release by the board.

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ABOUT EXOPHARM

Exopharm (ASX:EX1) is a clinical-stage biopharmaceutical company using exosomes to deliver a new class of transformative medicines funded with near-term revenue generated via partnerships and technology licensing.

As nature's delivery platform for DNA, RNA, and proteins, exosomes are highly differentiated from synthetic drug delivery systems such as lipid nanoparticles (LNPs). The drug delivery industry is growing at an annual growth rate (CAGR) of 5% and currently valued at around US$175 billion.

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. In some uses,

exosomes have superiority, including delivering DNA and other medicines into the nucleus of the cell, as is required for the rapidly advancing gene therapy market.

Exopharm's LEAP technologies solve the challenge of purifying clinical-grade exosomes at large scale and low cost.

Exopharm also has two exclusive proprietary technologies that allow advanced customisation of exosomes – the LOAD technologies improve loading of active ingredients (e.g. DNA, RNA, small molecules and proteins) into exosomes and the EVPS technologies allow exosomes to be directed towards selected cell types.

Exopharm uses variations and combinations of LOAD and EVPS to enable its Biopharma partners to improve delivery of their drug candidates and help them design and test new exosome medicines aimed at treating a wide scope of medical problems including neurological disease, infectious disease, cancer, and fibrosis.

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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
EXOPHARM LIMITED	
ABN	**Quarter ended ("current quarter")**
78 163 765 991	31 December 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	20	20
1.2	Payments for		
	(a) research and development	(695)	(1,553)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(72)	(291)
	(d) leased assets	-	-
	(e) staff costs	(1,635)	(3,183)
	(f) administration and corporate costs	(954)	(1,556)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	4
1.5	Interest and other costs of finance paid	(12)	(31)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	3,950	3,950
1.8	Other (provide details if material)	133	318
1.9	**Net cash from / (used in) operating activities**	**735**	**(2,322)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(270)	(614)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(270)**	**(614)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (repayment of lease liability)	(130)	(312)
	Other (bank guarantee and security deposit)	-	(110)
3.10	**Net cash from / (used in) financing activities**	**(130)**	**(422)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	9,030	12,723
4.2	Net cash from / (used in) operating activities (item 1.9 above)	735	(2,322)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(270)	(614)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(130)	(422)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**9,365**	**9,365**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	9,365	9,030
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term desposit)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**9,365**	**9,030**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	161
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The payments to directors or their associates in 6.1 include gross salaries, superannuation, advisory panel fees, and fees and benefits to executive and non-executive directors.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	735
8.2	Cash and cash equivalents at quarter end (Item 4.6)	9,365
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	9,365
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**12.7**

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2022

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.