

Cyclopharm Limited Notice of Annual General Meeting and Explanatory Statement

**to be held at the Boardroom of
Cyclopharm Limited, Unit 4, 1 The
Crescent, Kingsgrove, NSW 2208 11.30
am (Sydney time) on Monday, 27 May
2024**

This document is important.

Please read the information it contains carefully. It is important that you vote on these resolutions either by participating in the meeting or by completing and lodging the enclosed proxy form. If you are in doubt as to its contents, you should consult your professional advisor(s).

Cyclopharm Limited
ABN 74 116 931 250
Unit 4, 1 The Crescent
Kingsgrove NSW 2208

Ph: (02) 9541 0411
Fax:(02) 9543 0960

www.cyclopharm.com
corporate@cyclopharm.com.au

For personal use only

cyclopharm

TABLE OF CONTENTS

NOTICE OF ANNUAL GENERAL MEETING	2
1. ORDINARY BUSINESS	4
1.1(a) FINANCIAL STATEMENTS AND REPORTS	4
1.1(b) RESOLUTION 1 – REMUNERATION REPORT	4
1.2 RESOLUTION 2 – ELECTION OF MR JOHN WIGGLESWORTH AS DIRECTOR	4
1.3 RESOLUTION 3 – SHARE BUY BACK	5
1.4 RESOLUTION 4 – APPROVAL OF LOAN SHARE PLAN	5
2. OTHER BUSINESS	6
NOTES TO NOTICE OF MEETING	7
1. EXPLANATORY STATEMENT	7
2. VOTING ENTITLEMENT	7
3. ALL RESOLUTIONS WILL BE BY POLL	7
4. PROXIES	7
EXPLANATORY STATEMENT	9
1. IMPORTANT NOTICE	9
2. REPORTS AND EXPLANATION OF RESOLUTION 1 – REMUNERATION REPORT	9
3. EXPLANATION OF RESOLUTION 2 – ELECTION OF MR JOHN WIGGLESWORTH AS DIRECTOR	10
4. EXPLANATION OF RESOLUTION 3 – SHARE BUY BACK	11
5. EXPLANATION OF RESOLUTION 4 – APPROVAL OF LOAN SHARE PLAN	14
6. GLOSSARY OF TERMS	18
7. SHAREHOLDER ENQUIRIES	18

IMPORTANT DATES

Close for receipt of written questions to Auditor and the Company	5.00 pm (Sydney time)	Monday, 20 May 2024
Close for receipt of Proxy Forms	11.30 am (Sydney time)	Saturday, 25 May 2024
Determination of Entitlement to Vote	7.00 pm (Sydney time)	Saturday, 25 May 2024
Meeting	11.30 am (Sydney time)	Monday, 27 May 2024

NOTICE OF ANNUAL GENERAL MEETING OF CYCLOPHARM LIMITED

Notice is given that the Annual General Meeting (**AGM**) of members of Cyclopharm Limited ACN 116 931 250 (**Company**) will be held on **Monday, 27 May 2024 at 11.30 am** (Sydney time) at the Boardroom of Cyclopharm Limited, Unit 4, 1 The Crescent, Kingsgrove, NSW 2208.

Your vote is important

The business of the Annual General Meeting affects your shareholding and your vote is important.

Voting by proxy

To vote by proxy, please use one of the following methods:

Online	Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form.
By post	Automic, GPO Box 5193, Sydney NSW 2001
By hand	Automic, Level 5, 126 Phillip Street, Sydney NSW 2000

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting. **Proxy Forms received later than this time will be invalid.**

Power of Attorney

If the proxy form is signed under a power of attorney on behalf of a shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already provided it to the Share Registry.

Corporate Representatives

If a representative of a corporate shareholder or a corporate proxy will be attending the Meeting, the representative should provide the Share Registry with adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

Discussion and Shareholder questions

Discussion will take place on all items of business to be considered at the AGM. All Shareholders will have a reasonable opportunity to ask questions during the AGM, including an opportunity to ask the Company's Auditor questions relevant to the conduct of the audit.

For personal use only

To ensure that as many Shareholders as possible have the opportunity to speak, Shareholders are asked to observe the following requests:

- All Shareholder questions should be stated clearly and should be relevant to the business of the AGM, including matters arising from the Financial Statements, the Directors' Report (including the Remuneration Report) and the Auditor's Report, and general questions about the performance, business or management of the Company;
- If a Shareholder has more than one question on an item of business, all questions should be asked at the one time; and
- Shareholders should not ask questions at the AGM relating to any matters which are personal to the Shareholder or commercial in confidence.

Shareholders who prefer to register questions in advance of the AGM are invited to do so. A Shareholder Questions Form has been included with this Notice. Written questions must be received by the Company by **5.00 pm** (Sydney time) **on Monday, 20 May 2024**, and can be submitted online to corporate@cyclopharm.com.au, by mail or by fax (as set out at the top of the Shareholder Questions Form).

For personal use only

1. ORDINARY BUSINESS

1.1 Financial Statements and Reports

- (a) *To receive and consider the financial statements and the reports of the Directors and the Auditors of the Company for the year ended 31 December 2023.*

An explanation of this item is to be found in the notes to this notice and paragraph 2.1 of the Explanatory Statement. There is no vote on this item.

(b) **Resolution 1 – Remuneration Report**

Shareholders will be asked to consider and, if thought fit, pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That the Remuneration Report as set out in the Annual Report of the Company for the financial year ended 31 December 2023 be adopted."

An explanation of this item is to be found in paragraph 2.2 of the Explanatory Statement.

Notes:

- (1) The vote on this resolution is advisory only and does not bind the Directors or the Company.
- (2) If 25% or more of the votes that are cast are voted against the remuneration report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a 'spill' resolution) that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must stand for re-election.
- (3) **Voting Exclusion Statement:**
A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:
(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
(b) a Closely Related Party of such a member.
However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:
(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
(b) the voter is the Chair of the AGM and the appointment of the Chair as proxy;
i. does not specify the way the proxy is to vote on this Resolution; and
ii. expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly with the remuneration of members of the Key Management Personnel or, if the company is part of a consolidated entity, for the entity.

1.2 Resolution 2 – Election of Mr John Wigglesworth as Director

Shareholders will be asked to consider and, if thought fit, pass, with or without amendment, the following resolution as an **ordinary resolution** with effect from the close of the meeting:

"That, for the purposes of ASX Listing Rule 14.4 and for all other purposes, Mr John Wigglesworth, being eligible and having consented to act, be elected as a Director of the Company."

An explanation of this item, and more information on Mr Wigglesworth, is to be found in paragraph 3 of the Explanatory Statement.

1.3 Resolution 3 – Share Buy-back

Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That pursuant to and in accordance with section 257C(1) of the Corporations Act, as amended, and for all other purposes, the shareholders approve, with effect from when the Directors make the relevant announcement to the ASX, the on-market buy-back of up to 25% of the fully paid ordinary shares in the Company expiring on the anniversary of the passage of this resolution and otherwise on the terms and conditions set out in the Explanatory Statement."

More information on the Share Buy-back is to be found in paragraph 4 of the Explanatory Statement.

1.4 Resolution 4 – Approval of Loan Share Plan

Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That the Cyclopharm Loan Share Plan (LSP), a summary of which is set out in the Explanatory Statement, be approved for the purposes of ASX Listing Rule 7.2 (Exception 13), sections 200E, 259B(2) and 260C(4) of the Corporations Act and for all other purposes."

An explanation of this item is in paragraph 5 of the Explanatory Statement.

Voting Exclusion Statement

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is eligible to participate in the LSP or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair of the AGM as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - ii. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In addition, pursuant to section 250BD the Corporations Act, the Company's Key Management Personnel and their Closely Related Parties are not permitted to cast a vote as proxy for another person who is permitted to vote, unless:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) the proxy is the Chairman of the Meeting and he is expressly authorised to exercise the proxy even through the resolution is a Remuneration Resolution.

Pursuant to section 200E of the Corporations Act, the Company must not count any vote by or on behalf of any person who is eligible to participate in the LSP (**Retiree**) or their associates. However, this does apply to a vote cast if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution; and
- (b) it is not cast on behalf of a Retiree or an associate of the Retiree.

2 OTHER BUSINESS

To consider any other business that may be properly brought forward at the meeting in accordance with the Constitution and the law.

By Order of the Board

James McBrayer
Company Secretary

Dated: 26 April 2024

PLEASE NOTE:

The Notes to, and the Explanatory Statement and Proxy Form following this Notice of Meeting, should be read in conjunction with, and form part of, this Notice.

Capitalised words have the meaning ascribed to them in the Glossary in the attached Explanatory Statement.

For personal use only

NOTES TO NOTICE OF MEETING:

1. Explanatory Statement

An explanation of each resolution is included in the accompanying Explanatory Statement.

2. Voting Entitlement

The Board, as the convenor of the meeting, has determined that the shareholding of each member for the purpose of ascertaining voting entitlements at the Annual General Meeting will be as it appears on the register of Shareholders at **7.00 pm** (Sydney time) on **Saturday, 25 May 2024**.

3. All resolutions will be by poll

Each resolution considered at the AGM will be conducted by a poll. The Board considers that voting by poll to be in the interests of Shareholders as a whole and ensures the views of as many Shareholders as possible are represented at the AGM.

4. Proxies

4.1 If a Shareholder is unable to vote at the AGM, they are entitled to appoint a proxy to vote on their behalf.

A Shareholder must not appoint more than 2 proxies. If 2 proxies are appointed, each proxy must be appointed to represent a specific proportion or number of the Shareholders' voting rights. If the appointment does not specify the proportion or number of the Shareholders' votes each proxy may exercise, each proxy may exercise one half of the Shareholders' votes. Fractions of votes will be disregarded.

4.2 If Shareholders wish to appoint one proxy, please use the form provided. If you want to appoint 2 proxies, please contact the Company for an additional form and follow the instructions set out on the reverse side of the proxy form.

4.3 A Shareholder may appoint an individual or a body corporate as their proxy. A body corporate appointed as a proxy may then nominate an individual to exercise its powers at meetings. A proxy need not be a Shareholder of the Company.

4.4 To be effective, a proxy form and an original or certified copy of the authority (if any) under which it is signed (such as a power of attorney or, in the case of a body corporate Shareholder, a certificate of appointment of personal representative) must be:

- delivered by mail to Automic, GPO Box 5193, Sydney NSW 2001, Australia;
- delivered in person to Automic, Level 5, 126 Phillip Street, Sydney NSW 2000, Australia; or
- emailed to meetings@automicgroup.com.au.

to arrive (in each case) no later than **11.30 am** (Sydney time) on **Saturday, 25 May 2024**. If it is not received by that time, the appointment of proxy will not be treated as effective.

4.5 If a Shareholder is a body corporate, the proxy form may be signed by:

- 2 Directors;
- a Director and either a company secretary or other authorised signatory;
- in the case of a proprietary company that has a sole Director that is also the sole company secretary, by that Director;
- in the case of a proprietary company that has a sole Director and does not have a company secretary, by that Director; or
- the body corporate's appointed attorney under power of attorney.

For personal use only

- 4.6 In the case of joint holdings, a proxy may be signed by any one of the joint holders. However, if the Company receives more than one appointment for the same Share:
- an appointment signed by all joint holders will be accepted in preference to an appointment signed by the Shareholder whose name appears first in the register of Shareholders or by any other Shareholder holding the share jointly; and
 - subject to the preceding paragraph, an appointment signed by the Shareholder whose name appears first in the register of Shareholders will be accepted in preference to an appointment signed by any other Shareholder or Shareholders holding the share jointly.
- 4.7 Completion of a proxy form will not prevent individual Shareholders from physically attending the Meeting if they wish.
- 4.8 A member of the Company's Key Management Personnel or their Closely Related Party must not, whether in person or by proxy, vote in their own right on Resolution 1.
- 4.9 A person appointed as a proxy may vote or abstain from voting as he or she thinks fit except in the following circumstances:
- 4.9.1 The proxy holds a Directed Proxy Form;
- 4.9.2 Where the proxy is voting in relation to a Remuneration Resolution and the proxy is either a Key Management Personnel for the Company or a Closely Related Party of the Company and holds an Undirected Proxy Form; and
- 4.9.3 The proxy is required by law or the Company's Constitution to vote in a certain manner or abstain from voting.
- 4.10 Clause 4.9.2 does not apply if the Chairman of the meeting is appointed as proxy and the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is a Remuneration Resolution.
- 4.11 The Chairman intends to vote all Undirected Proxy Forms in favour of all Resolutions and he is expressly authorised to do so.
- 4.12 **Closely Related Party** means the closely related parties of the Key Management Personnel as defined in the Corporations Act, including certain members of their family, dependants and companies they control.

Directed Proxy Form means a proxy form which specifies how a proxy is to vote.

Key Management Personnel of the Company are the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year to 31 December 2023. Their Closely Related Parties are defined in the Corporations Act, and include certain members of their family, dependants and companies they control.

Remuneration Resolution means a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Undirected Proxy Form means a proxy form which does not specify how the proxy is to vote.

EXPLANATORY STATEMENT

1. IMPORTANT NOTICE

- 1.1 This Explanatory Statement is given to Shareholders to explain the resolutions to be considered at the Annual General Meeting (**Resolutions**) and to allow Shareholders to determine how they wish to vote on the Resolutions. The Explanatory Statement should be read in conjunction with, and forms part of, the Notice of Annual General Meeting which this Explanatory Statement accompanies.
- 1.2 *Capitalised words in this Explanatory Statement have a defined meaning which appears in it or in the Glossary.*
- 1.3 This Explanatory Statement is dated 26 April 2024.

2. REPORTS

- 2.1 The Corporations Act requires the financial statements and reports of the Directors and Auditors to be laid before the Meeting. These are all incorporated into the Annual Report. Neither the Corporations Act nor the Constitution requires Shareholders to vote on such statements and reports. However, Shareholders will be given reasonable opportunity to raise questions or make comments on the Annual Report at the Meeting. The Annual Report is available on the Company's website at www.cyclopharm.com.

As part of the written Shareholder question process prior to the AGM, Shareholders may submit written questions about the Auditor's Report and the conduct of the audit. The questions must be submitted as per the directions on the Shareholder Questions Form by **5.00 pm** (Sydney time) **on Monday, 20 May 2024**.

The auditor will attend the AGM, and the Chair of the AGM will provide a reasonable opportunity for Shareholders to ask the auditor questions relevant to the audit.

2.2 EXPLANATION OF RESOLUTION 1 – REMUNERATION REPORT

The Directors' Report - "Remuneration Report" (**Remuneration Report**) is contained in the Company's 2023 Annual Report.

The Corporations Act requires a resolution be put to the shareholders of a listed company to adopt the Remuneration Report as disclosed in the Directors' Report component of the 2023 Annual Report (see pages **21 to 29** of the 2023 Annual Report inclusive). This Resolution is being put so as to give Shareholders a reasonable opportunity to ask questions or make comments concerning the Remuneration Report during the Meeting.

The Remuneration Report:

- explains the Board's policies in relation to the nature and level of remuneration paid to Directors, secretaries and senior managers with the Company;
- discusses the link between the Board's policies and the Company's performance;
- provides a summary of performance conditions, explaining why they were chosen and how performance is measured against them;
- sets out remuneration details for each Director and for each member of the Company's senior executive management team; and
- makes clear that the basis for remunerating non-executive Directors is distinct from the basis for remunerating executives, including executive Directors.

The vote on this Resolution is advisory only and does not bind the Company or its Directors. No member of the Key Management Personnel or Closely Related Party of the Key Management Personnel may vote on Resolution 1.

Under the Corporations Act, if 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a 'spill' resolution) that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

2.3 Directors' Recommendation

As the Directors have a personal interest in this proposed Resolution 1, they make no recommendations as to how shareholders should vote on the resolution.

3. EXPLANATION OF RESOLUTION 2 – ELECTION OF MR JOHN WIGGLESWORTH AS DIRECTOR

3.1 Shareholders will be asked to consider and, if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

"That Mr John Wigglesworth, being eligible and having consented to act, be elected as a Director of the Company."

Mr Wigglesworth, being eligible, offers himself for election as a Director of the Company and his consent to act will be tabled at the Meeting prior to the resolution to appoint him being put to the Meeting.

3.2 Mr Wigglesworth was appointed as a non-executive Director on 19 February 2024. In accordance with the Constitution and ASX Listing Rule 14.4, Mr Wigglesworth offers himself for election.

3.3 The Nomination Committee (excluding Mr Wigglesworth) of the Board has conducted an assessment of Mr Wigglesworth, including a review of the skills, knowledge, experience and diversity represented on the Board and undertaking appropriate checks into Mr Wigglesworth's background and experience. Having conducted those assessments, the Board recommends to Shareholders the election of Mr Wigglesworth.

3.4 The following is a profile of Mr John Wigglesworth:

Board position: Appointed to the Board on 19 February 2024.

Committees: Chairman of the Audit and Risk Committee, Member of the Remuneration Committee and Nomination Committee.

Experience and qualifications: Mr Wigglesworth is a Chartered Accountant with 37 years professional experience, including 24 years as a Partner at KPMG both in Australia and internationally. During this time, he held several leadership positions across operations, industry sectors and business development. Mr Wigglesworth has extensive experience working with ASX listed and leading global companies, with specific expertise in external and internal audit, financial reporting, accounting systems and controls, governance and risk management.

Mr Wigglesworth is currently the Non-Executive Director of ASX listed company Atlas Arteria Limited. He is also the Non-Executive Director of The Sydney Children's Hospital Network, Independent Reserve Pty Ltd and Grid Share Holding Group Pty Ltd.

Independence: Mr Wigglesworth satisfies the requirements for an independent director under the ASX Recommendations.

3.5 Directors' Recommendation

The Board, other than Mr Wigglesworth (who abstains), recommends that Shareholders vote in favour of Resolution 2.

4. EXPLANATION OF RESOLUTION 3 – SHARE BUY BACK

4.1 Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That pursuant to and in accordance with section 257C(1) of the Corporations Act, as amended, and for all other purposes, the shareholders approve, with effect from when the Directors make the relevant announcement to the ASX, the on-market buy-back of up to 25% of the fully paid ordinary shares in the Company expiring on the anniversary of the passage of this resolution and otherwise on the terms and conditions set out in the Explanatory Statement .”

4.2 **Background**

The Board has completed a capital management review and believes that a buy-back of shares in combination with other strategies, is the most expedient, efficient and cost-effective way for the Company to enhance long term shareholder value.

In particular, an on market buy-back gives shareholders the choice whether to hold or sell their shares over the buy-back period, whereas under other alternatives (such as an equal capital reduction or an off-market equal access buy-back) shareholder may not be given such a choice.

If, in the next 12 months, the Company is in a financial position to do so, then it will consider implementing a buy-back on the terms and conditions set out in this resolution, accordingly shareholder 'pre-approval' is sought to implement and conduct the buy-back.

4.3 **Regulatory Requirements**

Section 257C(1) of the Corporations Act authorises a listed company to buy-back its own shares on market if the buy-back does not materially prejudice its ability to pay its creditors and it follows the procedures set out in the Corporations Act.

The implementation of the buy-back is conditional on the approval by a resolution passed at a general meeting of the Company. This resolution is an ordinary resolution and will be passed if a majority of votes cast, in person or by proxy, attorney or representative by Shareholders at the meeting is cast in favour of the resolution.

Shareholder approval is required if the Company proposes to buy-back more than 10% of the smallest number of shares on issue at any time during the last 12 months. This limit after which a company requires shareholder approval for an on-market buy-back is called the "10/12 limit".

As the Company is proposing to buy-back up to a maximum of 25% of its issued capital, shareholder approval is sought.

If approved, it is intended that the on-market buy-back will continue until the earlier of 12 months, the day that the maximum number of shares have been bought back, or at an earlier date as determined by the Directors.

The Constitution does not, at the relevant time, preclude the buy-back of Shares or restrict the Company's power to do so. The Company will stand in the market to buy-back not more than 25% of its ordinary share capital and this can be done on a continuous basis.

4.4 **Number of shares subject to the buy-back**

The maximum percentage of Shares to be bought back is 25%. Based on the number of ordinary shares on issue as at the date of this notice being 94,189,769 shares, the maximum number of Shares to be bought back would be 23,547,442.

The Company will offer to buy-back shares on-market through transactions on Australian Securities Exchange (**ASX**). It is not required to buy-back a specific number of shares or a minimum specified value of shares over any period. The Company will cancel all shares which are bought back.

4.5 Price

The shares will be bought back at the quoted selling price of the Company's shares on the ASX. In accordance with ASX Listing Rule 7.33, the price payable by the Company to buy-back shares cannot be more than 5% above the volume weighted average market price per share calculated over the last 5 days on which sales were recorded before the day of the buy-back.

The volume weighted average market price means in relation to the Company's shares for a particular period, the volume weighted average price of trading in those shares on the ASX and the Chi-X Market over that period, excluding block trades, large portfolio trades, permitted trades during the pre-trading hours period, permitted trades during the post-trading hours period, out of hours trades and exchange traded option exercises.

Historical share price information is below:

Information	Price	Date
Close Price	\$1.800	3 April 2024
High for 12 Months	\$2.900	3 October 2023
Low for 12 Months	\$1.715	5 February 2024
30 day Volume Weighted Average	\$1.794	5 March 2024 to 3 April 2024
60 Day Volume Weighted Average	\$1.806	3 February 2024 to 3 April 2024

4.6 Funding

The cost to the Company of the buy-back is dependent on the number and price of shares bought back.

By way of example, an on-market buyback offer at \$1.80 per Share would require maximum funding of approximately \$42,385,396 (assuming full acceptance of the buy-back offer 25%).

The financial effect of the proposed buy-back will be to deplete the Company's cash reserves and/or to increase its borrowings depending upon the appropriate funding mix utilised by the Directors at the time the offer proceeds. A copy of the latest audited accounts for the year ended 31 December 2023 is available on the Company's website at www.cyclopharm.com.au and on www.asx.com.au.

Against this, the share capital of the Company will be reduced with a likely beneficial increase of net tangible asset backing per share.

The offer will not proceed if the buy-back would materially prejudice the Company's ability to pay its creditors.

The Company intends to utilise its cash reserves to pay for the Shares it buys-back when making the on-market offer and to supplement some with borrowings. The break-up between one and the other will depend on the circumstances of the Company at the time the offer is made and will be detailed in the relevant announcement to the ASX.

No decision has been made in relation to the proposed funding, as noted earlier, this approval is sought in anticipation of the Company being in a financial position to implement and fund the buy-back without materially prejudicing its ability to repay creditors.

4.7 Discussion and analysis

Advantages of Introducing a Share Buy-back

The key advantages of the buy-back being allowed to proceed are as follows:

1. increase the liquidity of the Shares;
2. an efficient use of any surplus capital that becomes available to the Company in a market where finding suitable investments proves difficult;

3. the buy-back is structured as an on-market buy-back which gives shareholders the choice whether to hold or sell their shares over the buy-back period;
4. increasing price competition for the Shares; and
5. the promotion of a more efficient capital structure.

Disadvantages of Introducing a Share Buy-back

The key disadvantages of the buy-back being allowed to proceed are as follows:

1. it reduces the cash reserves of the Company. The use of those funds for the buy-back means that they will not be available for use in the Company's ordinary course of business;
2. it is structured as an on-market buy-back which means not all shareholders will participate; and
3. there is uncertainty about the funding strategy of the buy-back, this means the debt/equity mix has not yet been determined and the Company is unable to advise shareholders what the precise financial effect of the on-market buy-back will be.

4.8 Other considerations

Accepting the on-market Share buy-back may have financial, taxation, or other ramifications for Shareholders depending upon each such Shareholders' personal circumstances and the Board recommends that before accepting any on-market offer, Shareholders should obtain their own professional advice.

The Company is satisfied that this notice of meeting and explanatory statement set out all the information known to the Company that is material to the decision how to vote on the resolution.

If resolution 3 is passed, the buy-back may be implemented by the Board at any time by making the announcement to the ASX required by the ASX Listing Rules. Nevertheless, the Board may choose not to proceed, or to proceed at a later date.

If approval of Resolution 3 is not given, the Company is still able to buy-back on market the maximum number of Shares permitted under the 10/12 limit without Shareholder approval.

The Chairman intends to vote all Undirected Proxies in favour of Resolution 3.

4.9 Directors' Intentions

At the date of this explanatory statement, no Director had determined whether he will accept a buy-back offer in respect of shares in which he has an interest. Any participation by Directors will be disclosed to the market.

4.10 Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

5. EXPLANATION OF RESOLUTION 4 – APPROVAL OF LOAN SHARE PLAN

The Company has a Loan Share Plan (**LSP**) which was last approved by Shareholders at the Company's 2021 AGM held on 4 May 2021.

The Board adopted the LSP to retain, motivate and attract employees and to better align the interests of employees with those of the Company and its shareholders by providing an opportunity for eligible participants to acquire shares subject to the terms and conditions of the LSP (**Plan Shares**).

The Plan Shares will be issued or transferred to the participants in the LSP at an issue price determined by the Board in its absolute discretion. The Company may provide a limited recourse loan to employees who are invited to participate in the LSP to assist them to purchase Plan Shares (**Loan**).

5.1 Listing Rules

Listing Rule 7.1 generally restricts listed companies from issuing more than 15% of their issued capital in any 12 month period without shareholder approval (**Placement Capacity**). There are however, a number of exceptions to this restriction including Listing Rule 7.2 (Exception 13).

Listing Rule 7.2 (Exception 13) provides that Listing Rule 7.1 will not apply to an issue to a participant under an employee incentive scheme (e.g. the LSP), if within three years before the date of issue, holders of ordinary securities have approved the issue of securities under the scheme as an exception to this rule.

As the LSP was last approved by Shareholders in 2021, the Company is now seeking a fresh approval to allow Listing 7.2 (Exception 13) to continue to apply to shares issued under the LSP.

If Resolution 4 is passed, the Plan Shares will be excluded in calculating the Company's Placement Capacity which will provide the Company flexibility to issue equity securities in the future without obtaining shareholder approval (subject to Chapter 10).

If Resolution 4 is not passed, Plan Shares issued by the Company will be included in calculating the Company's Placement Capacity and will decrease the number of equity securities it can issue without shareholder approval.

5.2 Corporations Act

(a) Section 259B – Taking security over company shares

Under the Corporations Act, subject to certain exceptions, a company must not take security over shares in itself. However, a company is permitted to take security over shares in itself under an employee share scheme that has been approved by shareholders under section 259B(2) of the Corporations Act.

Accordingly, if the LSP is re-approved by shareholders, the Company will be able to take security over shares in itself where those shares (or rights or interests in them) are acquired by participants under the LSP.

(b) Section 260C – Exempted financial assistance

The provision of loans by the Company to enable LSP participants to acquire shares in the Company is considered the provision of financial assistance by the Company for the acquisition of shares in the Company.

Unless an exemption applies, under section 260A of the Corporations Act a company may only financially assist a person to acquire shares in the company if:

- i. the giving of the assistance will not materially prejudice the interests of shareholders or the Company's ability to pay its creditors; or
- ii. shareholder approval has been granted.

However, an exemption to section 260A of the Corporations Act applies to financial assistance given under an employee share scheme that has been approved by a resolution passed by shareholders.

Accordingly, the passing of this resolution will provide approval for the giving of financial assistance to the acquisition of shares under an employee share scheme pursuant to section 260C(4) of the Corporations Act.

(c) Section 200E – retirement benefit

Section 200B of the Corporations Act requires shareholder approval by ordinary resolution, and in accordance with the provisions of section 200E of the Corporations Act, in order to access the exemption from the prohibition on a company giving a person a benefit in connection with that person's retirement from an office or employment in that company where that person is, or was in the three years prior to his or her retirement, in a managerial or executive office in that company.

The LSP allows the Board, in its discretion to, determine that some or all of the Plan Shares are deemed to have vested in the event a Participant's employment ceases (**Accelerated Vesting**).

In the circumstance of Accelerated Vesting, the value of the termination benefits that the Board may give under the LSP cannot be determined in advance, as many of the factors that will or are likely to affect that value will not be known until the benefit is decided to be given (if at all). The Board has not determined whether it will exercise discretion to grant any Accelerated Vesting or, in what circumstances, it will exercise its discretion.

Specifically, the value of an Accelerated Vesting will depend on a number of factors, including the Company's share price at the time of vesting of the Plan Shares and the number of Plan Shares that the Board determines to vest early (if any).

It is therefore proposed that this resolution will approve, under section 200E of the Corporations Act any 'termination benefit' that may be provided to a participant under the LSP (including where the Board exercises its discretion in relation to Accelerated Vesting).

5.3 Summary of LSP Terms

The terms of the LSP to be adopted by shareholders under this resolution are summarised below.

Eligibility	<ul style="list-style-type: none"> • A person is eligible to participate in the LSP if he or she is a Director, officer or employee of a group company (Eligible Person). • The Board may at any time make invitations to Eligible Persons to participate in the LSP specifying the total number of Plan Shares being offered or the manner for determining that number, the closing date for applications, the issue price, vesting conditions and any other specific terms and conditions of issue (Invitation).
Plan Shares	<ul style="list-style-type: none"> • Each Plan Share entitles the participant to one fully paid ordinary Share in the Company. • Unless otherwise specified in an Invitation, Plan Shares issued or transferred to a participant will rank equally with all existing shares from the date of issue or transfer. • Unless the Board resolves otherwise, the Company will apply for official quotation of Plan Shares issued.
Loan	<ul style="list-style-type: none"> • The Company may provide a limited recourse loan to a participant to allow them to fund the full consideration for the Plan Shares (Loan). The terms of the Loan will be set out in a separate loan agreement. • A participant's obligation to repay the Loan will be the lesser of the Loan balance or the market value of the relevant Plan Shares. • Any after-tax value of cash distributions (including dividends) received in respect of Plan Shares must be applied to repayment of the Loan.
Vesting	<p>The Plan Shares will vest on the satisfaction of any applicable performance condition, service requirement or other conditions specified in an Invitation.</p>
Change of control	<p>In the event of a change of control of the Company, the Board may in its absolute discretion, determine the manner in which any or all of the participant's unvested Plan Shares will be dealt with.</p>
Disposal restrictions	<ul style="list-style-type: none"> • A participant must not dispose of a Plan Share until the Plan Share has vested, the loan balance relating to that Plan Share has been repaid or discharged or any other disposal restrictions set out in the Invitation have expired. • The Company may implement any procedure it deems appropriate to ensure the compliance by the participant with the disposal restrictions (i.e. may implement a holding lock in respect of the Plan Shares).
Compulsory divestment	<ul style="list-style-type: none"> • Plan Shares may be compulsorily divested in a number of circumstances, including non-satisfaction of vesting conditions, fraudulent or dishonest actions, insolvency, termination of employment, non-repayment of a Loan or any other circumstances expressly set out in an Invitation. • Where in the reasonable opinion of the Board, a Plan Share has vested in fraudulent or dishonest circumstances, the Board may take any action to ensure no unfair benefit is obtained by the participant as a result of those circumstances.

For personal use only

Capital events	<ul style="list-style-type: none"> • Bonus issues - If the Company undertakes a pro-rata bonus issue of shares to shareholders and shares are issued to a participant in respect of Plan Shares, those shares are deemed to be Plan Shares for the purposes of the LSP, and will be subject to the same vesting conditions as the Plan Shares to which they relate. • Rights issues – Participants may elect to take up their rights at their cost. Shares allotted to the Participant as a result of exercising such rights are not subject to the vesting conditions or the Plan Rules. • Other variations of capital - If there is a variation of capital, including a capitalisation, sub-division, consolidation or reduction in share capital. The Board may, subject to the Corporations Act and Listing Rules, make such adjustments as it considers appropriate to ensure that the consequences of application are fair as between the participants and other shareholders.
Administration	The LSP is administered by the Board. The Board may make regulations and determine procedures to administer and implement the LSP and may also terminate or suspend the operation of the LSP at its discretion.
Amendment	<ul style="list-style-type: none"> • The Board may at any time amend any rules governing the operation of the LSP or waive or modify the application of the rules in relation to any participant. • However, the Board may not amend the rules in a way that would decrease a participant's rights in respect of Shares acquired by them, other than amendments required to comply or conform to legislation or Listing Rules, to correct any manifest error or mistake or to take into account any possible adverse tax implications.
Termination	The LSP may be terminated or suspended at any time by a resolution of the Board, provided the termination or suspension does not materially adversely affect the rights of persons holding shares or options issued under the plan at that time.
Other terms and conditions	The LSP contains other customary terms and conditions relating to the operation and administration of the LSP.

5.4 Other information

Since the LSP was last approved on 4 May 2021, the Company has issued 742,500 Shares under the LSP.

The maximum number of shares proposed to be issued under the LSP following approval of this resolution will not exceed 10% of the Company's securities currently on issue, subject to adjustment on any reorganisation of capital, any applicable laws and the Listing Rules. Based on the number of Shares currently on issue, 10% equates to a maximum of 9,418,977 Shares.

A copy of the LSP is available from the Company Secretary on request.

A voting exclusion applies to Resolution 4, please see the notes to Resolution 4 in the Notice of Meeting.

5.5 Directors' Recommendation

The Board recommends that Shareholder vote in favour of Resolution 4.

6. GLOSSARY OF TERMS

In this Explanatory Statement, the following expressions have the following meanings:

Annual Report means the report to Shareholders containing, amongst other things, the financial statements, report of the Directors, the Remuneration Report and the report of the Auditors to which reference is made in this explanatory statement;

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Ltd trading as Australian Securities Exchange;

ASX Listing Rules means the listing rules of ASX;

ASX Recommendations means the recommendations of ASX as published in the ASX Corporate Governance Principles and Recommendations from time to time;

Auditors means Nexia Sydney Audit Pty Ltd, Chartered Accountants, the Company's external auditors;

Board means the Directors of the Company from time to time;

Closely Related Party means the closely related parties of the Key Management Personnel as defined in the Corporations Act, including certain members of their family, dependents and companies they control;

Company means Cyclopharm Limited ACN 116 931 250, the registered office of which is located at Unit 4, 1 The Crescent, Kingsgrove, NSW 2208 Australia;

Constitution means the Constitution of the Company adopted by the Shareholders dated 31 October 2005 and the amendments approved at the annual general meeting convened on 26 May 2011 and 4 May 2021;

Corporations Act means the *Corporations Act 2001* (Cth), as amended;

Directed Proxy Form means a proxy form which specifies how a proxy is to vote;

Directors means the directors of the Company from time to time sitting as the Board or individually as the case requires;

Key Management Personnel means the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly;

Meeting, AGM or Annual General Meeting means the annual general meeting of Shareholders convened by the Notice of Meeting;

Notice of Meeting means the notice of annual general meeting dated 26 April 2024 which accompanies this Explanatory Statement;

Remuneration Resolution means a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel;

Resolution means an ordinary resolution referred to in the Notice of Meeting;

Share means a fully paid ordinary share in the capital of the Company;

Shareholders means the holders of Shares in the Company as recorded in the register at 7.00 pm (Sydney time) on Saturday, 25 May 2024;

Share Registry means Automic of Level 5, 126 Phillip Street, Sydney, NSW, 2000; and

Undirected Proxy Form means a proxy form which does not specify how the proxy is to vote.

7. SHAREHOLDER ENQUIRIES

Shareholders with questions regarding this Notice of Meeting and Explanatory Statement should contact the Company Secretary, James McBrayer, on +61 2 9541 0411 during normal office hours. He will attempt to answer your questions or refer you to someone who can do so, but no person is authorised by the Company to give any information, or make any representation, in connection with the Notice or Explanatory Statement not contained in them.

Cyclopharm Limited

ABN 74 116 931 250

SHAREHOLDER QUESTIONS FORM

TO: The Company Secretary
Cyclopharm Limited (Company)
Unit 4, 1 The Crescent, Kingsgrove, NSW 2208
FAX: (+612 9543 0960)
EMAIL: corporate@cyclopharm.com.au

Shareholder Name: _____

Shareholder Address: _____

Please use this form to submit any questions about the Company that you would like us to respond to at the Company's Annual General Meeting to be held at 11.30am (Sydney time) on Monday, 27 May 2024. Your questions should relate to matters which are relevant to the business of the meeting, as outlined in the accompanying Notice of Meeting. If your question is for the Company's auditor it should be relevant to the content of the auditor's report, or the conduct of the audit of the financial statements.

This form must be received by the Company by **5.00pm (Sydney time) on Monday, 20 May 2024.**

Questions will be collated. During the course of the Annual General Meeting, the Chairman of the Meeting will endeavour to address as many of the more frequently raised shareholder topics as possible and, where appropriate, will give a representative of the Company's auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the meeting to address all topics raised. Please note that individual responses will not be sent to shareholders. Forms which are not properly completed will not be answered.

My question relates to (please mark the appropriate box)

- | | |
|---|--|
| <input type="checkbox"/> Performance or financial reports | <input type="checkbox"/> A resolution being put to the AGM |
| <input type="checkbox"/> Remuneration Report | <input type="checkbox"/> Future direction |
| <input type="checkbox"/> My question is for the auditor | <input type="checkbox"/> Other |

- | | |
|---|--|
| <input type="checkbox"/> Performance or financial reports | <input type="checkbox"/> A resolution being put to the AGM |
| <input type="checkbox"/> Remuneration Report | <input type="checkbox"/> Future direction |
| <input type="checkbox"/> My question is for the auditor | <input type="checkbox"/> Other |

For personal use only



Your proxy voting instruction must be received by **11.30am (AEST) on Saturday, 25 May 2024**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of Key Management Personnel.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBSITE:

<https://automicgroup.com.au/>

PHONE:

1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

For personal use only

