

26 April 2024

## **Update for Aegros Shareholders**

We are writing to share with you the answers to a number of thoughtful questions received from shareholders, following the email of our SPP booklet and the first issue of the Aegros Gazette. Please email us directly if you have further questions,

### **Fastest Route to Commercial Sales – Our Laser Focus**

Firstly, let us make clear Aegros is **solely** focused on getting to commercial revenue. Any other activity/project plays second fiddle.

Our fastest route to commercial sales is to complete the \$65m expansion of the HaemaFrac® facility in Sydney. The build is approximately 65-70% complete and while we manage the build within our existing cashflow the SPP will accelerate the build and therefore commercial sales. Once completed we can start toll fractionation of Asian plasma. This will more than wash our face, but it won't be in the same stratospheric realm as our Covid-19 Hyperimmune. So as soon as we receive TGA ARTG registration of our Covid-19 Hyperimmune we will stop toll fractionation and produce the Covid-19 Hyperimmune.

### **The \$65m HaemaFrac® facility – Why is it important**

While it is true completing the \$65m expansion of our HaemaFrac® facility is the fastest route to commercial sales, this is only part of the reason Aegros is so focused on this project.

Aegros is negotiating to build HaemaFrac® facilities in a number of locations, including Singapore. Aegros is also, via Macquarie Capital, running a process to bring in a strategic industry investor. All of these projects rest on Aegros ability to prove the HaemaFrac® is operational at a commercial scale. Further, we understand the Sydney HaemaFrac® facility is the only exclusive hyperimmune facility in the world. It will be a state of the art plasma fractionation facility. For example, the process is built around disposable components, reducing cleaning and regulatory burdens while enhancing flexibility. This is very attractive to the regulator and therefore time to market. This approach is unique in the plasma fractionation industry.

The success of our future projects rest on, or will be accelerated, by the completion of the Sydney HaemaFrac® facility.

### **What is the Current Status of the Clinical Trial and the Use Case for Aegros Covid-19 Hyperimmune**

As reported in the Aegros Gazette, the clinical trial is complete and we are preparing to publish data in a journal of repute. We have also reported a positive result in the one immunocompromised patient who was given the hyperimmune, which shows the relevance of using such a treatment modality in this patient group. It is only one observation, but nonetheless proves that antibody levels can be maintained in these patients for an extended period of time which should protect these patients from hospitalisation and severe disease.

This is a highly significant result as the immunocompromised group have very few treatment options. The vaccines, monoclonals and antivirals are largely ineffective in treating the latest strains of Covid-19. This also shows the value of Aegros Covid-19 Hyperimmune - it automatically updates for each new variant as the product is manufactured from the plasma of those who have recovered. We should also note Aegros Covid-19 Hyperimmune is a unique product, meaning demand for this product will be global.

### **Sales of Aegros Covid-19 Hyperimmune**

There is a degree of scepticism about the market for this product. While we disagree, you will be pleased to know we do have a fallback position. Should Covid-19 Hyperimmune sales be slower than we expect, Aegros will switch to production of the 6 hyperimmunes the NBA currently buys (NBA 2023 Annual Report pages 170 to 176). This possibility has been discussed as there is a shortage of these products; the incumbents' have hyperimmune batch failures (NBA 2023 Annual Report Page 49) and their processes preclude regular production runs of speciality products such as hyperimmunes. This is not a market we believe the incumbents are focused on.

We don't have a precise number for this market, but from our helicopter level we believe it to be 10% of the IVIG market. Aegros' margins on these products would be similar to the Covid-19 Hyperimmune as the production process is identical, and the lower cost of plasma offsets the lower selling price. Most importantly, the cashflow will be more than sufficient to cover the cost of the Qld build.

### **Singapore HaemaFrac® Plasma Fractionation Facility Project**

The Singapore project has progressed and is evolving, however the Singapore MoU has expired

The closer to completion we are in Sydney, the more Singapore's HSA and EDB/EDBI have interacted with Aegros. We have had several meetings with the HSA which have been focused on the products we could supply the Singapore Government and the time to this supply.

We have also had a number of meetings with the EDB and the EDBI. These meetings have increased in tempo and the EDB will be visiting our Sydney facility in May.

That the Singapore MOU has expired is a positive as it enables Aegros to negotiate better terms, on the basis that Aegros has eliminated the perceived technology risk and is bringing Government grants/financial support. This will lead to a better commercial outcome for Aegros. Now, some reality as to time. We don't see a Singapore deal being completed until late 24. The reason for this is that all partners to the deal want to see the Sydney facility operational thereby reducing/eliminating the technical risk on a \$500m project.

### **Commercial Ability to Complete Deals**

Understandably when deals, such as the Singapore MOU are delayed questions are asked about the ability of the Company to complete deals. As outsiders it looks like a simple process. We wish!

Plasma Fractionation is the most complex and regulated of all biological areas. You only need to consider all the fractionators are still using a process developed in the 1940s, to understand

the complexities. The other factor which weighs on these commercial deals is the size of these projects. In general, each is in the \$500m range, which brings its own level of complexity.

Finally, in most cases plasma fractionation is an area run/operated by Governments. This means negotiations involve Governments and private enterprise, which only adds to the time and complexity of these deals. Could these deals be done faster? Sure and this is an area the Company will be adding resources to over time.

### **160 Staff is a lot for a Company with No Revenue**

Aegros is not an employment agency. We only employ staff as required to explore/establish/operate/gain regulatory approvals. These areas account for the majority of our staffing. The therapeutic plasma market is the most regulated section of the biologics market. This is driven by the failures of the past to stop the transmission of AIDS via these products in the 1990s and also the multiple products produced from this single raw material, human plasma.

We are building a Company which will process 100,000L of plasma and the regulator requires a certain level of personnel to undertake this activity. Aegros does employ significantly less than the existing fractionators; in part because we have a single capture step compared to their ~10 step processes. We also employ less because we have automated and are moving over time to a fully automated system. Fundamentally, it is a cost of business, if we wish to be in this business.

### **The SPP Bonus Share – Why we are rewarding Existing Shareholders**

As a Board we have taken the decision to make this offer to Shareholders because we have pressed the button on the IPO process. It is time for us to reward our Shareholders for providing the risk capital before the pre IPO group clamber onboard. Personally, as significant shareholders, we believe we and those who have supported Aegros to this point, should be rewarded ahead of those who will come in once all of these hard yards have been completed.

As to the share price going forward, with the announcement of first sales in the next few months the Company will be rerated based on a PE. We believe this will result in a significantly higher share price.

Regards,

Hari Nair  
Founding Chairman

John Manusu  
Founding Managing Director