



16 March 2020

Shareholder Update

Dear Shareholders

On behalf of the Board of Factor Therapeutics Limited (“Factor”, the “Company”) I am providing an update regarding our corporate turn-around activities.

Following the outcome of our Phase 2 trials results in November 2018 (ASX release : 14/11/2018) Factor has been diligently focused on seeking new opportunities to appropriately direct the Company’s resources, as well as managing the existing intellectual property portfolio of the Company. Over the last approximately 18 months we have evaluated close to 30 opportunities. The majority of these opportunities have been in the life sciences industry, but we have considered non-life sciences opportunities as well. This undertaking has involved a great many hours of work on behalf of the Board.

Our criteria for a credible opportunity has generally involved clinical-stage assets with a reasonable amount of patient data to support commercialisation. Most life sciences assets will require financial resources far in excess of Factor’s current balance sheet but we have typically prioritised opportunities where there are near-term milestones that can be achieved without being excessively dilutive to shareholders. We have also generally preferred healthcare and medtech/biotech assets as these provide a clearer pathway for business continuity and better leverage the drug development and commercial experience within the team.

Diligence of a biotech or medtech asset is difficult and time-consuming. It often involves evaluating significant pre-clinical and clinical data sets, conducting thorough IP reviews, engaging with key opinion leaders around the globe, reviewing complex manufacturing packages and background/credential checks. A typical diligence process can run into hundreds of hours of work.

At this time we are currently on the final stretch of due diligence on three opportunities that we believe represent strong investment opportunities, with one particular opportunity that is close to a final term sheet. We appreciate that the wait has been frustrating to shareholders and we look forward to providing further updates as to these opportunities and any other considerations between now and our Annual General meeting which we are planning to hold on 25th May.

Over the past 18 months we have been extremely judicious in our deployment of Factor financial resources. We have put in hours that are not reflected in the compensation structure for the Directors and we have minimised expenditure to that relating to core aspects of the business as evidenced in the cash position and balance sheet. However, we are close to delivering on an exciting future for the Company and we appreciate your patience as we



conclude the necessary diligence and commercial discussions to be able to present a definitive opportunity to shareholders.

Finally, you have our assurances that as part of on-boarding a new asset opportunity our criteria for success must be that the incoming asset brings an infusion of new people and talent into the business. This will obviously involve assembling an executive team and Board changes are planned consistent with a supportive transition.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cherrell Hirst", is positioned below the word "Sincerely,".

Dr. Cherrell Hirst, AO
Chair