



**ASX Announcement**  
**29 April 2021**

## **APPENDIX 4C**

### **QUARTERLY ACTIVITIES & CASHFLOW REPORT**

### **QUARTER ENDED 31 MARCH 2021**

**Melbourne, Australia, 29 April 2021:** Australian medical technology company Optiscan Imaging Limited (ASX: OIL) (**OptiScan** or the Company), a leader in medical technology using confocal laser endomicroscopy, is pleased to release its Appendix 4C – Quarterly Cashflow report and business update for the quarter ended 31 March 2021 (**Quarter**). All financial results are in Australian dollars and are unaudited.

#### **Highlights for the Quarter**

- **Commenced stage three of the Breast Cancer Surgical Margin Assessment Trial at Royal Melbourne Hospital, Frances Perry House and Epworth Hospital, led by Professor Bruce Mann, Director of Breast Cancer Services for the Royal Melbourne Hospital and Royal Women's Hospital and Professor of Surgery at The University of Melbourne.**
- **Commenced imaging of patients at the University of Melbourne's Melbourne Dental School (MDS) trial and continued the fluorescein dosing study required for the application for OptiScan's FDA 510(k) clearance to market the device in the United States.**
- **Continued third party independent testing and conducted validation and verification activities for the InVivage™ clinical device required to prepare the application for US FDA 510(k) clearance.**
- **Sales orders from Carl Zeiss Meditec AG (CZM) of approximately \$350k.**
- **Awarded Federal Government Entrepreneurs' Programme - Growth Grant with matched funding of \$20k to support the engagement of expert advisers for the development of a United States market entry strategy for InVivage™. Engaged a former leading US based medical executive and oral surgeon to assist with the strategy.**
- **Appointment of Mr Ron Song as a non-executive Director.**
- **Total Cash Flows of \$154k for the Quarter with Cash Flows from Operating Activities of (\$903k) for the Quarter and (\$1,080k) for the 9 months to 31 March 2021.**

#### **Developments Post End of Quarter**

- **Appointment of Mr Robert Cooke as non-executive Chair and Darren Lurie as Managing Director.**

#### **Breast Cancer Surgical Margin Assessment Trial (Breast Trial)**

OptiScan commenced stage three of its Breast Cancer Surgical Margin Assessment Trial in Melbourne at Royal Melbourne Hospital, Frances Perry House and Epworth Hospital. The study led by Professor Bruce Mann, Director of Breast Cancer Services for the Royal Melbourne Hospital and Royal Women's Hospital, and a Professor of Surgery at The University of Melbourne will involve 20 breast cancer patients using OptiScan's FIVE2 (ViewVivo) endomicroscope. Funding for the study is supported by the Medical Device Partnering Program grant.

**Phone** (61 3) 9538 3333

**Website** [www.OptiScan.com](http://www.OptiScan.com)

PO Box 1066, Mt Waverley MDC VIC 3149 Australia

## **Oral Cancer Surgery and Screening Application – InVivage™**

### **150 patient Oral Cancer Trial at Melbourne Dental School**

In the September 2020 Quarter, OptiScan was awarded a BioMedTech Horizons Program grant for \$971,000 to assist the University of Melbourne's Melbourne Dental School (MDS) to undertake a trial with approximately 150 patients over a 12-month period, to improve screening, diagnosis, and treatment of oral cancer.

During the March Quarter, the MDS commenced imaging of patients as part of the trial and continued the fluorescein dosing study required to support OptiScan's intended 510(k) application to market the InVivage™ in the United States. A number of software and hardware improvements were identified by MDS and implemented by OptiScan enhancing useability and reducing the time to image each patient.

### **Other Oral Cancer Trials and Studies**

The Oral Cancer Trials and Studies at Memorial Sloan Kettering Cancer Center (MSKCC), one of the leading cancer centres in the United States and at the Australian Centre for Oral Oncology Research and Education (ACOORE) continued during the period.

The Company is working with an additional Australian based dental centre for the establishment of a separate Oral Cancer trial and ethics committee approval is being sought.

### **Preparations for seeking United States Food and Drug Administration (FDA) approval for the InVivage™ device in the United States**

During this Quarter, OptiScan continued preparation of its application for 510(k) clearance to market the InVivage™ clinical device for use in human Oral Cancer Screening and/or Surgery in the United States. OptiScan is working with a leading United States based independent contract testing laboratory for Medical Devices and Pharmaceuticals to conduct various cleaning, disinfection and sterilisation tests. Separately, OptiScan undertook preparations for various other tests related to storage, transportation, aging, EMC and electrical safety to be conducted either internally or via independent contract testing providers.

### **NeuroSurgery – CONVIVO - Carl Zeiss Meditec Collaboration**

OptiScan received sales orders from Carl Zeiss Meditec AG (CZM) for approximately \$350k during the Quarter, with cash receipts expected in subsequent quarters. Discussions with CZM are on-going in relation to future orders for products and research and development services.

### **FIVE2 (ViewnVivo) Distribution**

The Company continued to develop its sales pipeline with multiple current prospects in China, North America and Australia developed during the Quarter. Key marketing initiatives during the quarter included:

- Preparation of a 2 part publication in Microscopy Today, published by the Microscopy Society of America. Part 1 highlighting the technological advancements of fluorescence in vivo endomicroscopy appeared in the March edition and Part 2 focusing on applications for fluorescence in vivo endomicroscopy will appear in the May edition; and
- OptiScan management in conjunction with its distributors in Taiwan, Eastern and Southern China conducted a Chinese language webinar with over 50 participants.

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## COVID-19

The Company maintained its COVID-19 working arrangements during the March Quarter with OptiScan staff working predominantly from the Company premises.

## Corporate Update and Outlook

The Company strengthened its board during and following the end of the quarter with the appointment of Mr Robert Cooke and Mr Ron Song.

Mr Cooke is a highly strategic and results focussed private health care leader. With a 40+ year career in the health industry, his experience spans executive leadership of publicly listed and privately owned healthcare companies, and management of private and public hospitals in Australia, Asia and the UK. He is the former Managing Director & CEO of Healthscope, one of Australia's leading private hospital, medical centre and pathology operators between 2010 and 2017. He is currently a non-executive director of Icon Group and Evercare Group. Icon Group is an operator of cancer centres, specialist services, pharmacy management, compounding, remote care, research and health screening services in Australia, Singapore, Hong Kong and Mainland China, Vietnam and New Zealand. The Evercare Group is a leading impact driven healthcare group in emerging markets. The Group operates across South East Asia and Africa with 30 hospitals, 16 clinics and 82 diagnostic centres.

Mr Song is an experienced business operator in Australia and Singapore with a focus on business management, sales and marketing. He has an established network of business contacts across many areas of enterprise in Australia and Asia as well as associations with businesses and the financial sector in Australia and Asia.

The Company received funds of \$123k pursuant to the exercise of employee and other options with a further \$998k received from the exercising of options by directors and management.

Research and development costs during the quarter amounted to \$507k, including \$111k paid to the MDS received from the BioMedtech Horizons grant. The Company incurred \$146k in product manufacturing and operating costs.

The Company has engaged a former leading medical executive and Oral surgeon to assist in the development of a United States market entry strategy for InVivage™ supported by funding from the Federal Government Entrepreneurs' Programme - Growth Grant.

The Company is continuing to recruit additional staff in corporate development, production and marketing.

All related party payments noted in Section 6 of the accompanying Appendix 4C during the Quarter relate to payment of executive and non-executive director's fees and salaries.

- Ends -

This announcement has been authorised for release by the Board of OIL.

### For investor queries, please contact:

Darren Lurie  
Managing Director  
E: [dlurie@OptiScan.com](mailto:dlurie@OptiScan.com)

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## **About OptiScan**

OptiScan is a global leader in the development of microscopic imaging and related technologies for surgery and medical research. Based in Victoria, Australia, OptiScan was established in 1994, and listed on the ASX in 1997 (ASX: OIL). OptiScan has developed and patented endomicroscopic technology which enables real-time, 3D, 'in vivo' imaging of human tissue at the cellular level – instant “virtual biopsies” for cancer screening, diagnoses and in surgery.

## **Disclaimer**

*All statements other than statements of historical fact included on this announcement including, without limitation, statements regarding future plans and objectives of OptiScan or any of the other parties referred to herein, are forward-looking statements. Forward-looking statements can be identified by words such as 'anticipate', 'believe', 'could', 'estimate', 'expect', 'future', 'intend', 'may', 'opportunity', 'plan', 'potential', 'project', 'seek', 'will' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of OptiScan that could cause actual results to differ from the results expressed or anticipated in these statements.*

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## Appendix 4C

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

**Name of entity**

OPTISCAN IMAGING LIMITED

**ABN**

81 077 771 987

**Quarter ended ("current quarter")**

31 MARCH 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2	519
1.2 Payments for		
(a) research and development	(507)	(1,161)
(b) product manufacturing and operating costs	(146)	(416)
(c) advertising and marketing	(40)	(74)
(d) leased assets	-	-
(e) staff costs	(256)	(956)
(f) administration and corporate costs	(129)	(326)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	10
1.5 Interest and other costs of finance paid	-	(34)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	131	1,082
1.8 Other (provide details if material)	34	276
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(903)</b>	<b>(1,080)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(14)	(14)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(14)</b>	<b>(14)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	9,814
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1,121	1,121
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(406)
3.5	Proceeds from borrowings	-	185
3.6	Repayment of borrowings	-	(545)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (payments for lease liabilities)	(50)	(142)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,071</b>	<b>10,027</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	9,305	526
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(903)	(1,080)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14)	(14)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,071	10,027
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>9,459</b>	<b>9,459</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	9,459	9,305
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>9,459</b>	<b>9,305</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	121
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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

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

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(903)
8.2 Cash and cash equivalents at quarter end (item 4.6)	9,459
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	9,459
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	10.48
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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	
8.6.2 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	
8.6.3 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	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	



**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.

29 April 2021

Date: .....

The Board of Directors

Authorised by: .....  
 (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.