

ASX Announcement
31 October 2022

APPENDIX 4C
QUARTERLY ACTIVITIES & CASHFLOW REPORT
QUARTER ENDED 30 SEPTEMBER 2022

Melbourne, Australia, 31 October 2022: 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 30 September 2022 (**Quarter**). All financial results are in Australian dollars and are unaudited.

Highlights for the Quarter

- **FDA 510(k) submission made for premarket clearance of InVivage® clinical device for oral imaging.**
- **Oral cancer imaging study at Melbourne Dental School completed.**
- **Breast cancer imaging study continues with additional recruitment underway and encouraging results.**
- **Received \$373k from Carl Zeiss orders, and decreased net cash outflows by 273k from previous quarter.**

Food and Drug Administration (FDA) submission for the InVivage® device in the United States

During the quarter, Optiscan submitted its application for FDA 510(k) clearance to market the InVivage® clinical device for use in human oral cancer screening in the United States. The submission is a significant milestone for the Company as it expands into medical device manufacturing in its own right, and expands the indications for use of its technology. The Company continues to work with the FDA during the review process and looks forward to its clearance in due course. Updates on planned further regulatory submissions in the US and/or other markets will be provided as they develop.

Oral Cancer Screening Application – InVivage®

Oral Cancer Imaging Study at Melbourne Dental School

The Melbourne Dental School clinical imaging study to improve screening, diagnosis, and treatment of oral cancer concluded in the September quarter; with all planned imaging for the study completed. Data analysis continues, with a significant amount of data included in the Company's FDA 510(k) submission for its InVivage® device.

Australian Centre for Oral Oncology Research & Education

Data curation, annotation and correlation is ongoing with collected images as part of the Oral Lesion clinical study undertaken by Professor Farah and his team. The team has also assessed alternative contrast agents and protective sheaths with potential incorporation into future iterations of the Company's devices.

Breast Cancer Surgical Margin Assessment Study

Additional patient recruitment has continued in the Quarter for the Breast Cancer Surgical Margin Assessment study with encouraging results for mapping of cancers in real time and in the laboratory. The study is projected to conclude at the end of the year paving the way for detailed image analysis in the coming year.

Phone (61 3) 9538 3333

Website www.optiscan.com

16 Miles Street, Mulgrave, VIC, 3170 Australia

Brand Awareness

Optiscan continued with its increased brand awareness campaign by exhibiting at the Australia & New Zealand Head and Neck Cancer Society annual conference on the Gold Coast in August. The exhibition allowed the Company to interact with potential users of its InVivage® oral imaging device and further partnerships and collaborations to assist with its adoption following appropriate regulatory clearance.

The Company's Managing Director delivered a lecture on Digital Pathology highlighting the benefit of the Company's technology to a group of medical and dental practitioners attending Unconventional Conventions in the Kimberley in August.

In September, the Company launched its Health TV Video presentation as part of the Australasian College of Health Service Management annual conference in Perth. The video interview has been widely disseminated and has generated significant interest in the Company online.

Later in September, several presentations were made at the ANZ annual conference of the International Association for Dental Research in Melbourne by research scientists who have used the Company's preclinical platform ViewnVivo®. These presentations showed the excellent concordance between digital and traditional histopathology, and the benefits of using in vivo confocal imaging in animal studies designed to understand oral cancer development amongst other benefits.

Interest in Optiscan's technology across all events continues to gain momentum with several leads generated, in anticipation of the regulatory clearance of the InVivage® in 2023, in addition to re-positioning of its ViewnVivo® platform, and wider marketing and branding activities particularly online.

Zeiss Audit

Optiscan successfully passed another ISO 13485 related external audit as part of its agreement with Carl Zeiss Meditec. This Zeiss-initiated audit once again validates Optiscan's ability to provide products that consistently meet customer and regulatory requirements, whilst demonstrating a commitment to the safety and quality of medical devices.

Distributor Support and Training

Training modules for Distributor Partners in the Asia Pacific have been rolled out with significant positive feedback from participants. The modules delivered distinct content to support the Company's Distributor Partners to best represent the Company in their respective markets. The focus on marketing and sales content will drive the ViewnVivo® value proposition to the pre-clinical research market as the Company re-positions its preclinical offering and continues to look for opportunities to promote it in new markets.

Corporate Update and Outlook

In the September 2022 quarter, the Company received the largest cash receipt in the past 12 months of \$373k from Carl Zeiss for orders shipped. Orders from Carl Zeiss continue to be strong at EUR 223k received for the Quarter.

Research and development cash costs during the quarter amounted to \$580k. The Company incurred \$133k in cash outlay on manufacturing and operating costs.

Overall net cash outflows have declined by \$273k compared to last quarter, in line with management's expectations. Total cash outflows were (\$1.1m) for the Quarter, with cash outflows from Operating Activities of (\$0.9m) for the quarter ending 30 September 2022.

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

Phone (61 3) 9538 3333

Website www.optiscan.com

16 Miles Street, Mulgrave, VIC, 3170 Australia

For investor queries, please contact:

Prof Camile Farah
CEO & Managing Director
E: cfarah@optiscan.com

About Optiscan

Optiscan Imaging Ltd (ASX:OIL) is a global leader in the development, manufacturing, and commercialisation of confocal endomicroscopic imaging technologies for medical, translational and pre-clinical applications. Our technology enables real-time, non-destructive, 3D, *in-vivo* imaging at the sub-cellular level.

We are driven by developing technology and its use to give healthcare providers and researchers the highest quality real-time microscopic imaging tools to enable the early detection and management of disease, improve patient outcomes, and reduce the high cost of curative medicine and associated procedures.

Our patent-protected proprietary technology, using specially miniaturised componentry, has created a pen-sized digital microscope, which can be used on any tissue it contacts to produce high resolution digital pathology images for cancer diagnosis and surgical margin detection in real-time. The aim of our technology development is for earlier diagnosis and subsequent treatment of cancerous tumours with expected associated improved patient outcomes.

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.

Phone (61 3) 9538 3333

Website www.optiscan.com

16 Miles Street, Mulgrave, VIC, 3170 Australia

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")

30 SEPTEMBER 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	373	373
1.2 Payments for		
(a) research and development	(580)	(580)
(b) product manufacturing and operating costs	(133)	(133)
(c) advertising and marketing	(33)	(33)
(d) leased assets	-	-
(e) staff costs	(522)	(522)
(f) administration and corporate costs	(142)	(142)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	83	83
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(947)	(947)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(91)	(91)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(91)	(91)
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	(17)	(17)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (payments for lease liabilities)	(61)	(61)
3.10	Net cash from / (used in) financing activities	(78)	(78)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,529	4,529
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(947)	(947)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(91)	(91)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(78)	(78)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,413	3,413

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	3,413	4,529
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,413	4,529

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	215
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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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 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.	N/A	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(947)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,413
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,413
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.6
<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.

31 October 2022

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.