

**Optiscan Imaging Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	Optiscan Imaging Limited
ABN:	81 077 771 987
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

**2. Results for announcement to the market**

Revenues from ordinary activities	down	0.03%	to	\$ 449,254
Loss from ordinary activities after tax attributable to the owners of Optiscan Imaging Limited	up	46%	to	(3,456,857)
Loss for the half-year attributable to the owners of Optiscan Imaging Limited	up	46%	to	(3,456,857)

*Dividends*

There were no dividends paid or declared during the current financial period.

*Comments*

The loss for the consolidated entity after providing for income tax amounted to \$3,456,857 (31 December 2022: \$2,367,104).

**Financial performance**

During the 6-month period to 31 December 2023 (H1FY24), the consolidated entity generated ordinary revenue of \$449,254 from sales, system rentals and the provision of services, compared to \$449,383 in the previous corresponding period.

The consolidated entity also recorded research and development incentive income for H1FY24 \$354,912, a decrease of \$96,645 from the previous corresponding period (2023: \$451,557), mainly due to an adjustment in FY23 estimate. Interest income has increased to \$267,778 (2023: \$14,836) due to interest earned on the capital raised in July 2023 through the entitlement offer.

Total expenses for H1FY24, excluding research and development and intellectual property expenses, were \$2,598,472 an increase of \$425,362 from the corresponding period (2023: \$2,173,110). Research and development and intellectual property expenses were \$1,788,285, an increase of \$750,222 from the previous corresponding period of \$1,038,062.

**Financial position**

The net assets increased by \$13,349,595 to \$16,394,031 at 31 December 2023 (30 June 2023: \$3,044,436) primarily due to the successful capital raise in July 2023 of \$16.7m through a partially underwritten renounceable entitlement offer to fund its strategic portfolio expansion. The Offer involved the issuance of 208,735,201 shares at an issue price of \$0.08 per share.

The working capital position of the consolidated entity as at 31 December 2023 resulted in an excess of current assets over current liabilities of \$15,689,815 (30 June 2023: \$2,223,048).

Net cash used in operating activities was \$3,648,214, an increase of \$2,456,491 compared to the corresponding period (2023: operating cash outflows of \$1,191,723). This is partly due to the timing of the R&D tax incentive that will be received later in the year, and higher R&D expenditure in line with management's strategic portfolio expansion and product development.

**Optiscan Imaging Limited**  
**Appendix 4D**  
**Half-year report**

**3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>1.93</u>	<u>0.71</u>

The net tangible assets per ordinary security has been calculated excluding the Right of use asset amount and Intangibles.

**4. Control gained over entities**

No change from FY23.

**5. Loss of control over entities**

Not applicable.

**6. Dividends**

*Current period*

There were no dividends paid or declared during the current financial period.

*Previous period*

There were no dividends paid or declared during the previous financial period.

**7. Dividend reinvestment plans**

Not applicable.

**8. Details of associates and joint venture entities**

Not applicable.

**9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

No change from FY23.

**Optiscan Imaging Limited**  
**Appendix 4D**  
**Half-year report**

**10. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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**11. Attachments**

*Details of attachments (if any):*

The Interim Report of Optiscan Imaging Limited for the half-year ended 31 December 2023 is attached.

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**12. Signed**

Signed 

Date: 23 February 2024

Robert Cooke  
Non-executive Chairman



**Optiscan Imaging Limited**

ABN 81 077 771 987

Interim Report – 31 December 2023

**Optiscan Imaging Limited**  
**Corporate directory**  
**31 December 2023**

**Directors**

Mr Robert Cooke (Non-executive Chairman)  
Prof Camile Farah (Managing Director)  
Ms Karen Borg (Non-executive Director)  
Mr Ron Song (Non-executive Director)  
Mr Sean Gardiner (Non-executive Director)

**Company secretary**

Mr Justin Mouchacca

**Registered office**

16 Miles Street  
Mulgrave VIC 3170  
Phone No.: (03) 9598 3333  
Fax No.: (03) 9562 7742

**Principal place of business**

16 Miles Street  
Mulgrave VIC 3170  
Phone No.: (03) 9598 3333  
Fax No.: (03) 9562 7742

**Share register**

Computershare Investor Registry Services  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067  
Phone No.: (03) 9415 5000

**Auditor**

William Buck Audit (Vic) Pty Ltd  
Level 20  
181 William Street  
Melbourne VIC 3000

**Stock exchange listing**

Optiscan Imaging Limited securities are listed on the Australian Securities Exchange (ASX code: OIL)

**Website**

[www.optiscan.com](http://www.optiscan.com)

**Optiscan Imaging Limited**  
**Contents**  
**31 December 2023**

Directors' report	3
Auditor's independence declaration	8
Consolidated statement of profit or loss and other comprehensive income	9
Consolidated statement of financial position	10
Consolidated statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the consolidated financial statements	13
Directors' declaration	17
Independent auditor's review report to the members of Optiscan Imaging Limited	18

**Optiscan Imaging Limited**  
**Directors' report**  
**31 December 2023**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Optiscan Imaging Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

**Directors**

The following persons were directors of Optiscan Imaging Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Robert Cooke (Non-executive Chairman)  
Prof Camile Farah (Managing Director)  
Ms Karen Borg (Non-executive Director)  
Mr Ron Song (Non-executive Director)  
Mr Sean Gardiner (Non-executive Director)

**Principal activities**

The primary activity of the consolidated entity throughout the year continued to be the development and commercialization of confocal endomicroscopes, and related digital solutions to expand areas of clinical application. This encompassed advancing the "InVivage®" device; progressing R&D of new clinical devices and digital platforms in line with Optiscan product roadmap; collaborations with Carl Zeiss Meditech (CZM), direct marketing of Optiscan's pre-clinical ViewnVivo® products and services in North America, and the exploration of new market entry opportunities and sales via relationships with distributors in China.

**Financial and operational review**

**Financial performance**

During the 6-month period to 31 December 2023 (H1FY24), the consolidated entity generated ordinary revenue of \$449,254 from sales, system rentals and the provision of services, compared to \$449,383 in the previous corresponding period.

The consolidated entity also recorded research and development incentive income for H1FY24 \$354,912, a decrease of \$96,645 from the previous corresponding period (2023: \$451,557), mainly due to an adjustment in FY23 estimate. Interest income has increased to \$267,778 (2023: \$14,836) due to interest earned on the capital raised in July 2023 through the entitlement offer.

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**Optiscan Imaging Limited**  
**Directors' report**  
**31 December 2023**

**Financial and operational review (continued)**

**Financial position**

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**PRODUCT DEVELOPMENT**

**United States Food & Drug Administration ("FDA") 510(k) Pathway for InVivage<sup>®</sup> device**

The Company continued its work on InVivage<sup>®</sup> intra-oral device FDA De Novo application documentation, including user experience improvements. A small pilot usability study was conducted with positive feedback received on the device's usability and utility, in addition to its potential in other clinical applications. Significant progress was made in designing sterile disposable sheaths and drapes, with this design flowing on to benefit other future applications and devices.

At the end of the calendar year, the Company conducted a Q-submission meeting with the FDA and subsequently received feedback on its planned fluorescein contrast agent alternative for oral use, along with qualitative studies related to the interpretability of digital oral cavity images. The FDA has granted permission for additional clarification and feedback to be furnished in written form, to be received in Q3FY24.

In addition to the aforementioned InVivage<sup>®</sup> device improvements, the Company made significant advancements in enhancing its product portfolio as detailed below.

**Surgical Device**

Work commenced on the Company's surgical device for intraoperative live in vivo imaging for immediate surgical decision making. With an initial target market in open breast surgery, the rigid scope design is intended to be adapted for laparoscopic surgical approaches.

**Pathology Device**

Development of a pathology device commenced in December 2023. Designed as the digital replacement of the frozen section, the device will be suited for multiple soft tissues applications with multiple applicable dyes which can also be used as a digital ex vivo alternative to routine histopathology.

**Telepathology**

Optiscan made excellent progress in developing the proprietary Telepathology solution to enable digital pathology services across Optiscan's product range. Key components of the solution have been prototyped and deployed to cloud platforms enabling synchronization of imaging from Optiscan devices to the cloud and demonstrating key telepathology workflows.



**Optiscan Imaging Limited**  
**Directors' report**  
**31 December 2023**

**Artificial Intelligence/Machine Learning**

The development of algorithms and machine learning models to provide instantaneous diagnosis of pre-cancer and cancer compared to normal is progressing according to plan.

**CLINICAL**

**Breast Study**

The first stage analysis of the Breast Cancer Intraoperative Assessment Study was conducted with excellent results achieved. Optiscan's confocal laser endomicroscopic imaging demonstrated positive correlation to traditional histological analysis. Ongoing quantitative analyses are being conducted to further examine the correlation of positive margins with histopathology of fresh resections. These encouraging findings provide strong support for the progression to a planned larger in vivo clinical study.

**Oral Study**

In the early half of the financial year the Melbourne Dental School Study was published in Frontiers titled "Acquisition and Annotation in High-Resolution In Vivo Digital Biopsy by Confocal Microscopy for Diagnosis in Oral Precancer and Cancer." The paper showcases the ability of the InVivage® system in acquiring clinically useful images that may assist clinicians in detection, diagnosis and treatment planning of oral mucosal pathology.

**VIEWNVIVO® LIFE SCIENCES RESEARCH DEVICE**

**North America**

Building on the recent establishment of the US commercial operation and corporate office, a regional office was established in Minnesota together with a dedicated US-based business development team to implement the direct market strategy for the ViewnVivo® device in North America. Toward the end of the calendar year, a device rental agreement was finalised with a large US medical institution, and several leads are being actively pursued reflecting the increased market opportunities in the US.

**China**

The Company continues to foster relationships with its distributor network in China. Lead generation remains robust, and distributor sales in line with forecasts during the period, with a recent sale of a ViewnVivo® device to a large Chinese university.

**Europe**

In addition to our commitment to North American and Chinese market development, the Company is conducting sales pilots and undertaking market entry assessments in new jurisdictions in Europe.

**CARL ZEISS MEDITECH**

Orders from Zeiss Meditec for the year continue to be strong to the value of \$720k received to date for the 2024 financial year. These orders represent 56% of income earned from Zeiss last year (FY23) and we anticipate orders to increase in the coming months.

**Optiscan Imaging Limited**  
**Directors' report**  
**31 December 2023**

**QUALITY, MANUFACTURING & OPERATIONS**

The Company's Quality Management System successfully passed ISO 13485:2016 Annual Surveillance Audit, in addition to an external audit as part of its agreement with Carl Zeiss Meditec. This customer-initiated audit once again validates the Company's ability to provide products that consistently meet customer and regulatory requirements, whilst demonstrating a commitment to the safety and quality of medical devices.

Several efficiencies were introduced in the Company's manufacturing processes, complimented with the addition of new highly skilled staff resulted in increased manufacturing capacity in our Melbourne Headquarters and further minimising key-person risk.

**STRATEGIC MARKETING & COMMUNICATIONS**

The Company pursued several opportunities throughout the period leading to positive media coverage in The Australian and The West Australian, as well as on 6PR radio station in addition to an in-depth podcast with Stockhead, exploring our platform technology and growth prospects, and produced a 2024 market preview video.

The Company was also invited to showcase its digital capabilities and the market opportunities upon successful completion of the ANDHealth ACTIVATE program, in addition to engagement with industry leaders and potential life science research customers at conferences in the US.

**PEOPLE AND CULTURE**

The first half of the financial year saw a number of strategic appointments essential to the Company's operational and growth plans. These included the appointment of two US-based Business Development Managers, a Chief Operating Officer, a Mechanical Engineer, Systems Engineer, and a Firmware Engineer.

**CORPORATE**

**Significant changes in the state of affairs**

Following shareholder approval at the AGM in November 2023 and ASIC consent, William Buck Audit (Vic) Pty Ltd (William Buck) was appointed as auditor of the Company following the resignation of Grant Thornton Audit Pty Ltd (Grant Thornton).

The Company conducted a partially underwritten renounceable entitlement offer, successfully raising \$16.7 million for strategic portfolio expansion. This offer involved the issuance of 208,735,201 shares at \$0.08 per share, with substantial shareholders Peters Investments Pty Ltd and Orchid Capital Investments Pte. Ltd providing partial underwriting. The Company received \$8,784,700.80 from 109,808,760 shares applied during the offer period. An additional \$5,050,382.21 was raised through the allocation of 63,129,778 shares from Peters, and \$2,863,733.04 from Orchid for 35,796,663 shares.

- During the half-year period, the Company issued 300,000 fully paid ordinary shares relating to conversion of unlisted options following receipt of exercise notices with different exercise prices.
- In July 2023, the Company issued 208,735,201 fully paid ordinary shares as part of the entitlement offer to shareholders.

**Optiscan Imaging Limited**  
**Directors' report**  
**31 December 2023**

**CORPORATE (continued)**

**Matters subsequent to the end of the financial half-year**

Optiscan has been awarded a \$3m Cooperative Research Centres Projects (CRC-P) Grant from AusIndustry and Department of Industry, Science, Energy and Resources. The amount will be paid over the project period of 4 years.

Optiscan was advised of the outcome of the CRC Advisory Committee recommendation and Ministerial decision following a highly competitive merit-based grant assessment process. The funding is a testament to the potential of the Optiscan's core technology to create a new clinical paradigm that will revolutionise diagnosis of and intervention for gastrointestinal conditions, setting a new benchmark for diagnosing malignant cells in the GI tract in real time, backed by artificial intelligence. The grant will support R&D activities in addition to clinical workflow studies in collaboration with development and clinical partners.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, appearing to read "Robert Cooke", written over a horizontal line.

Robert Cooke  
Non-executive Chairman

23 February 2024

## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

### To the directors of Optiscan Imaging Limited

As lead auditor for the review of Optiscan Imaging Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Optiscan Imaging Limited and the entities it controlled during the period.

*William Buck*

**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136

*A. A. Finnis*

**A. A. Finnis**  
Director  
Melbourne, 23 February 2024

**Optiscan Imaging Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2023**

	Note	31 December 2023 \$	31 December 2022 \$
<b>Revenue</b>	4	449,254	449,383
Cost of sales		<u>(128,109)</u>	<u>(225,884)</u>
<b>Gross profit</b>		321,145	223,499
Other income	5	608,755	620,569
<b>Expenses</b>			
Research & development and intellectual property expenses		(1,788,285)	(1,038,062)
Share-based payment expenses		(139,425)	(134,746)
Depreciation expense		(279,700)	(119,136)
Administration and general expenses		(2,168,778)	(1,902,414)
Finance costs		<u>(10,569)</u>	<u>(16,814)</u>
<b>Loss before income tax expense</b>		(3,456,857)	(2,367,104)
Income tax expense		<u>-</u>	<u>-</u>
<b>Loss after income tax expense for the half-year attributable to the owners of Optiscan Imaging Limited</b>		(3,456,857)	(2,367,104)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>12,479</u>	<u>-</u>
Other comprehensive income for the half-year, net of tax		<u>12,479</u>	<u>-</u>
<b>Total comprehensive income for the half-year attributable to the owners of Optiscan Imaging Limited</b>		<u><u>(3,444,378)</u></u>	<u><u>(2,367,104)</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	8	(0.43)	(0.38)
Diluted earnings per share	8	(0.43)	(0.38)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

**Optiscan Imaging Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2023**

	Note	31 December 2023 \$	30 June 2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		8,651,102	875,371
Trade and other receivables		1,268,445	975,926
Inventories		1,911,189	1,437,471
Term deposits		5,000,000	-
Other		493,658	357,472
<b>Total current assets</b>		<u>17,324,394</u>	<u>3,646,240</u>
<b>Non-current assets</b>			
Property, plant and equipment		253,833	267,152
Intangibles		307,837	450,000
Right-of-use assets		228,080	308,579
<b>Total non-current assets</b>		<u>789,750</u>	<u>1,025,731</u>
<b>Total assets</b>		<u>18,114,144</u>	<u>4,671,971</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		758,424	776,359
Lease liabilities		199,991	192,101
Loans		175,533	39,587
Provisions		500,631	415,145
<b>Total current liabilities</b>		<u>1,634,579</u>	<u>1,423,192</u>
<b>Non-current liabilities</b>			
Lease liabilities		78,348	180,600
Provisions		7,186	23,743
<b>Total non-current liabilities</b>		<u>85,534</u>	<u>204,343</u>
<b>Total liabilities</b>		<u>1,720,113</u>	<u>1,627,535</u>
<b>Net assets</b>		<u>16,394,031</u>	<u>3,044,436</u>
<b>Equity</b>			
Issued capital	6	88,525,038	71,863,358
Reserves		504,476	2,123,152
Accumulated losses		<u>(72,635,483)</u>	<u>(70,942,074)</u>
<b>Total equity</b>		<u>16,394,031</u>	<u>3,044,436</u>

The above statement of financial position should be read in conjunction with the accompanying notes

**Optiscan Imaging Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2023**

<b>Consolidated</b>	<b>Issued capital</b>	<b>Foreign currency translation reserve</b>	<b>Share based payments reserve</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2022	71,256,070	(4,435)	2,234,413	(66,893,639)	6,592,409
Loss after income tax expense for the half-year	-	-	-	(2,367,104)	(2,367,104)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,367,104)</b>	<b>(2,367,104)</b>
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	39,500	-	-	-	39,500
Share-based payments	600,000	-	121,746	-	721,746
Exercise of options	17,389	-	(17,389)	-	-
Lapsed options	-	-	(12,640)	10,229	(2,411)
<b>Balance at 31 December 2022</b>	<b>71,912,959</b>	<b>(4,435)</b>	<b>2,326,130</b>	<b>(69,250,514)</b>	<b>4,984,140</b>

<b>Consolidated</b>	<b>Issued capital</b>	<b>Foreign currency translation reserve</b>	<b>Share based payments reserve</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2023	71,863,358	(4,435)	2,127,587	(70,942,074)	3,044,436
Loss after income tax expense for the half-year	-	-	-	(3,456,857)	(3,456,857)
Other comprehensive income for the half-year, net of tax	-	12,479	-	-	12,479
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>12,479</b>	<b>-</b>	<b>(3,456,857)</b>	<b>(3,444,378)</b>
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 6)	16,630,548	-	-	-	16,630,548
Share-based payments	-	-	139,425	-	139,425
Exercise of options (note 6)	31,132	-	(7,132)	-	24,000
Lapsed options	-	-	(115,026)	115,026	-
Transfer of expired share based payments	-	-	(1,648,422)	1,648,422	-
<b>Balance at 31 December 2023</b>	<b>88,525,038</b>	<b>8,044</b>	<b>496,432</b>	<b>(72,635,483)</b>	<b>16,394,031</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes

**Optiscan Imaging Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2023**

	Note	31 December 2023 \$	31 December 2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		592,941	661,301
Payments to suppliers and employees (inclusive of GST)		(4,456,425)	(2,952,068)
Interest received		215,270	14,811
Receipt of research and development tax incentive		-	904,130
Receipt of government grants		-	180,103
		<u>-</u>	<u>180,103</u>
Net cash used in operating activities		<u>(3,648,214)</u>	<u>(1,191,723)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(33,062)	(122,206)
Payments for term deposits		(5,000,000)	-
		<u>-</u>	<u>-</u>
Net cash used in investing activities		<u>(5,033,062)</u>	<u>(122,206)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	6	16,698,816	34,500
Proceeds from exercise of share options	6	24,000	-
Share issue transaction costs		(104,499)	-
Repayment of borrowings		(60,576)	(67,926)
Repayment of lease liabilities		(94,032)	(117,198)
		<u>-</u>	<u>(117,198)</u>
Net cash generated from/(used in) financing activities		<u>16,463,709</u>	<u>(150,624)</u>
Net increase/(decrease) in cash and cash equivalents		7,782,433	(1,464,553)
Cash and cash equivalents at the beginning of the financial half-year		875,371	4,529,208
Effects of exchange rate changes on cash and cash equivalents		(6,702)	-
		<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>8,651,102</u></u>	<u><u>3,064,655</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes



**Optiscan Imaging Limited**  
**Notes to the financial statements**  
**31 December 2023**

**Note 1. General information**

The financial statements cover Optiscan Imaging Limited as a consolidated entity consisting of Optiscan Imaging Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Optiscan Imaging Limited's functional and presentation currency.

Optiscan Imaging Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

16 Miles Street  
 Mulgrave, Victoria, 3170

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2024.

**Note 2. Material accounting policy information**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these new or amended Accounting Standards and Interpretations did not have an impact on the interim financial statements of the consolidated entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Note 3. Operating segments**

*Identification of reportable operating segments*

The Company operated predominantly in the confocal endomicroscope industry within Australia. AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The board reviews the Company as a whole in the business segment of confocal endomicroscopes within Australia.

**Optiscan Imaging Limited**  
**Notes to the financial statements**  
**31 December 2023**

**Note 4. Revenue**

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$</b>	<b>\$</b>
Sales revenue	<u>449,254</u>	<u>449,383</u>
<i>Disaggregation of revenue</i>		
The disaggregation of revenue from contracts with customers is as follows:		
<i>Major product lines</i>		
Sale of goods (goods transferred at a point in time)	436,348	444,955
Services provided (services provided at a point in time)	<u>12,906</u>	<u>4,428</u>
	<u>449,254</u>	<u>449,383</u>
<i>Geographical regions</i>		
Germany	169,535	444,955
China	266,813	-
Norway	-	4,428
Japan	<u>12,906</u>	<u>-</u>
	<u>449,254</u>	<u>449,383</u>

**Note 5. Other income**

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$</b>	<b>\$</b>
Government grants - R&D tax incentive*	354,912	451,557
BioMedTech Horizons program grant	-	180,103
Interest income	267,778	14,835
Net foreign exchange gain/(loss)	<u>(13,935)</u>	<u>(25,926)</u>
Other income	<u>608,755</u>	<u>620,569</u>

\*The R&D tax incentive accrual for the half-year (H1FY24) was \$420k. However, there was a change in the FY23 estimate to decrease the accrued value by \$65k. This decreases the net accrual amount during the half-year to \$355k.

**Optiscan Imaging Limited**  
**Notes to the financial statements**  
**31 December 2023**

**Note 6. Equity - issued capital**

	<b>31 December 2023</b>	<b>30 June 2023</b>	<b>31 December 2023</b>	<b>30 June 2023</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	835,340,803	626,305,602	88,525,038	71,863,358

*Movements in issued capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>\$</b>
Balance	1 July 2023	626,305,602	71,863,358
Shares issued for entitlement offer	13 July 2023	109,808,760	8,784,701
Shares issued for entitlement offer	31 July 2023	98,926,441	7,914,115
Shares issued on exercise of options	2 November 2023	100,000	10,377
Shares issued on exercise of options	6 December 2023	200,000	20,755
Capital raising costs		-	(68,268)
Balance	31 December 2023	<u>835,340,803</u>	<u>88,525,038</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

**Note 7. Events after the reporting period**

Optiscan has been awarded a \$3m Cooperative Research Centres Projects (CRC-P) Grant from AusIndustry and Department of Industry, Science, Energy and Resources. The amount will be paid over the project period of 4 years.

Optiscan was advised of the outcome of the CRC Advisory Committee recommendation and Ministerial decision following a highly competitive merit-based grant assessment process. The funding is a testament to the potential of the Optiscan's core technology to create a new clinical paradigm that will revolutionise diagnosis of and intervention for gastrointestinal conditions, setting a new benchmark for diagnosing malignant cells in the GI tract in real time, backed by artificial intelligence. The grant will support R&D activities in addition to clinical workflow studies in collaboration with development and clinical partners.

**Optiscan Imaging Limited**  
**Notes to the financial statements**  
**31 December 2023**

**Note 8. Earnings per share**

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Optiscan Imaging Limited	<u>(3,456,857)</u>	<u>(2,367,104)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>810,674,860</u>	<u>626,105,602</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>810,674,860</u>	<u>626,105,602</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.43)	(0.38)
Diluted earnings per share	(0.43)	(0.38)

As at 31 December 2023, Optiscan has 12,000,000 unlisted options on issue. These options are considered to be non-dilutive as Optiscan incurred a loss for the reporting period

**Optiscan Imaging Limited**  
**Directors' declaration**  
**31 December 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Robert Cooke  
Non-executive Chairman

23 February 2024

## Independent auditor's review report to the members of Optiscan Imaging Limited

### Report on the half-year financial report



#### Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Optiscan Imaging Limited (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2023,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*William Buck*

**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136

*Alan Finnis*

**A. A. Finnis**  
Director  
Melbourne, 23 February 2024