



ASX Announcement
31 January 2024

APPENDIX 4C QUARTERLY ACTIVITIES & CASHFLOW REPORT QUARTER ENDED 31 DECEMBER 2023

Optiscan Imaging Limited (ASX: OIL) (Optiscan or the Company), a leader in medical imaging using confocal laser endomicroscopy, herewith releases its Appendix 4C Quarterly Cashflow report and business update for the quarter ended 31 December 2023 (Quarter). All financial results are in Australian dollars and are unaudited.

Highlights for the Quarter:

- Cash receipts from customers more than doubled from last Quarter to \$403k.
- Sale of ViewnVivo® research device through our China-based distributor to a large Chinese university.
- Increased market opportunities in the US with a rental agreement signed to supply the ViewnVivo® research device to a large US medical centre of excellence.
- Significant progress made in product development with the higher investment towards R&D of (\$1.1m) for the Quarter, resulting in a net cash outflow from Operating activities for the Quarter of (\$2m).

Product Development

The development of the Telepathology solution made excellent progress in the Quarter, with the alpha phase of the project completed in December. In this first phase, cloud back-end infrastructure was developed and demonstrated on the preferred service platform. Modules for device registration and authentication, workflow management and synchronisation of data between cloud and device were developed. Development of an artificial intelligence solution to automatically classify images is progressing concurrently. This work is progressing with the Company's software development partner, Canada-based Prolucid.

Significant milestones were achieved in the development of Optiscan's product portfolio during the Quarter. A revised InVivage® was unveiled that includes a more intuitive user-interface. Initial feedback from users has been very positive. Work on a new surgical device commenced in the Quarter, which is expected to be unveiled in Q3FY24. The Company also commenced development of its laboratory-based pathology device in December with completion anticipated in Q1FY25. These design projects are being conducted in partnership with Melbourne-based D+I.

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

During the Quarter, the Company continued to work on the required documentation for the InVivage® FDA De Novo application. This documentation included the changes to the InVivage® made to improve and simplify the user experience, which has also been submitted to UL, the test agency responsible for testing and certifying the safety of the device to International Standards, and to ensure an upgrade to our safety certifications.

The Company made strong progress in the completion of the design activities with our partners in the US, associated with a Sterile Disposable Sheath and Drape, to accompany both the InVivage® and other devices in non-surgical applications, and a second sheath and drape to support surgical applications as part of the Company's planned product portfolio rollout. It is expected that both performance and regulatory testing of these devices will occur during Q3/4FY24.

The Company, along with its regulatory partners, received feedback late in the Quarter, and held a meeting with the FDA regarding a Q-submission the Company made for an alternate fluorescein contrast agent for oral use, and associated qualitative studies with regards to the interpretability of digital images in the oral cavity. The FDA have allowed for additional clarification and feedback to be provided in written form, which will be provided in Q3FY24.

The Company also conducted a small pilot usability study, based on protocols developed with our US based partner, TE Connectivity, for a planned human factors usability validation of the InVivage® based in the United States. Feedback from five dental professionals was provided on both the device and its instructions for use. Feedback from all users was generally very positive about the device, the technology and its utility within the sector, and their feedback on user instructions was very valuable, not just in relation to the InVivage® system, but for all the Company's future planned product portfolio.

Sales Generation and Distributor Support

The Quarter saw the commencement of two business development managers based in the US, supporting the North American direct-to-market strategy for the Company's life sciences product. The Company attended the Cell Bio 2024 conference resulting in several promising leads which are being actively pursued.

A rental agreement for a ViewnVivo® system was signed with a US medical centre of excellence commencing in the next quarter. In China, sales were in line with targets for the period with new leads also added to the pipeline.

Marketing, Communications & Public Relations

The Company successfully completed the ANDHealth ACTIVATE program, which culminated in the presentation of the Company's digital capabilities and market opportunities at an industry event.

The Company's CEO attended the annual AdvaMed MedTech conference in the US, a key industry event to support the Company's US growth and expansion strategy. He met with industry leaders and was interviewed on the current status of the Company and its technology roadmap and applications. This was shared on the Company's LinkedIn profile.

In the Quarter, the Company was featured favourably in The Australian ([Dr Boreham's Crucible: Can the magic acronyms 'AI' and 'FDA' see Optiscan probe new heights?](#)) and The West Australian ([Optiscan moves to stamp stronger US footprint](#)) and ([Revenue leap for Optiscan as cancer fight continues](#)), with additional coverage on 6PR radio station ([The remarkable Australian technology that could soon diagnose and remove cancer](#)).

An in depth podcast with Stockhead exploring the Company's platform technology ([Stock Insiders: Optiscan is expanding and the potential is enormous](#)), and the recording of a 2024 market preview video ([What's in store for 2024: Optiscan](#)) were produced late in the Quarter.

People & Culture

During the Quarter, the Company made strategic appointments by filling key positions essential to its growth and operational efficiency. These pivotal roles included the appointment of two US-based Business Development

Managers, a Chief Operating Officer, a Mechanical Engineer and a Systems Engineer – where their respective expertise will propel the Company forward.

Furthermore, notable achievements were celebrated within the Production team as two of the Precision Technicians successfully attained certification to autonomously build and assemble devices, increasing the Company's manufacturing capacity. This achievement highlights the Company's commitment to fostering expertise and excellence across its people, minimising key person risk and preparing for increased sales.

Corporate Update and Outlook

In the Quarter, global market opportunities and demand for the ViewnVivo® research device increased. Through the Company's distributor in China, a sale was made to a large Chinese university. This shows the continued interest for the Company's technology in the Asia Pacific region, which the Company will continue to foster with its distributor partners to generate further sales.

In the US, momentum continues to build with the two business development managers creating commercial opportunities in the US market. At the end of the Quarter, the Company finalised a rental agreement for the ViewnVivo® device with a large US medical institution.

Cash receipts from customers of \$403k increased this Quarter, which was double that of the previous quarter. Orders from Zeiss Meditec for the year continue to be strong with a value of about \$700k received to date for the 2024 financial year.

In the Quarter, capital management has been a focus, by allocating capital raised last quarter to R&D and product development, as outlined in the recent prospectus. With increased resources, significant progress has been made in these areas in line with the 'Future Product Family Vision' revealed at the Company's 2023 AGM. This comprises six (6) devices for various clinical applications.

For the Quarter, increased R&D activities and product development resulted in a net cash outflow of (\$1.1m), which contributed to the net cash outflow from Operating activities for the Quarter of (\$2m). To maximise the return on capital raised last quarter, (\$5m) was placed in a term deposit as shown in cash flows from Investing activities. Overall, the balance sheet remains strong with a total of \$13.7m made up of cash and term deposits.

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, salaries and superannuation payments.

– ends –

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

For investor queries, contact:

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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 single-cell 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.

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 DECEMBER 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	403	593
1.2 Payments for		
(a) research and development	(1,130)	(1,765)
(b) product manufacturing and operating costs	(524)	(909)
(c) advertising and marketing	(19)	(27)
(d) leased assets	-	-
(e) staff costs	(813)	(1,523)
(f) administration and corporate costs	(50)	(232)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	103	215
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,030)	(3,648)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(13)	(33)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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 (term deposits > 3 months maturity)	(5,000)	(5,000)
2.6	Net cash from / (used in) investing activities	(5,013)	(5,033)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	16,699
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	24	24
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(104)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(20)	(61)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (payments for lease liabilities)	(38)	(94)
3.10	Net cash from / (used in) financing activities	(34)	16,464

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	15,736	875
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,030)	(3,648)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,013)	(5,033)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(34)	16,464
4.5	Effect of movement in exchange rates on cash held	(7)	(6)
4.6	Cash and cash equivalents at end of period	8,652	8,652

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	5,652	15,736
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (short-term deposit)	3,000	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,652*	15,736

*As at 31 December 2023, the total cash (and equivalents) and investments in term deposits with an original maturity of greater than 3 months is \$13,705k (30 September 2023: \$15,790k)

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	166
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)	(2,030)
8.2 Cash and cash equivalents at quarter end (item 4.6)	8,652
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	8,652
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.26
<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 January 2024

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.