

IMAGION BIOSYSTEMS LIMITED

(ASX: IBX)

30 July 2021

Quarterly Activity Report – quarter ending 30 June 2021

Q2 highlights:

- **Enrollment for the Phase I HER2 Breast Cancer Study commences**
- **Collaboration with Patrys Limited in relation to new cancer imaging agents**
- **Received \$2.6 million in R&D tax incentives**

MELBOURNE – Imagination Biosystems (ASX:IBX), a company dedicated to improving healthcare through the early detection of cancer, today released its Appendix 4C Quarterly Cashflow report and update on company activities for the quarter ending 30 June 2021 (Q2 FY21).

Executive Chairman and CEO Bob Proulx said, “As signaled to the ASX in May 2021, we were pleased to report the first patient enrolled into the Phase I Study. This is a big milestone for Imagination and gratifying for everyone who has invested so much into getting us to this point.”

Site training has been scheduled at the third site, the Royal Brisbane Women’s Hospital, and the screening of patients can begin following training. Principle investigator at the Royal Brisbane Women’s Hospital, Dr. Kowski Murugappan commented, “As a Breast Cancer researcher and surgeon, we strive to deliver precision oncology care for our patients diagnosed with Breast Cancer, and this project is a direct reflection of this value which is why my team and I are excited to be part of this study and we look forward to our first patient being recruited into this study next month.” At a recent investigator wide meeting, investigators and site staff affirmed their strong support for the study, the importance of its clinical objectives, and their confidence in their ability to recruit patients.

Investigators have noted that the number of patients screened is below their estimates based on historical case loads and are reporting that they are seeing lower numbers of patients in general and fewer cases of HER2 breast cancer than before the pandemic. If patient accessibility continues to be slow, completing enrolment by the end of the year will be difficult. However, the Company is working towards increasing access to patients with discussions well advanced with a fourth site, in NSW, which has a large patient catchment.

Additionally, as announced previously during the quarter, initiatives to boost awareness of the study have been implemented and are expected to positively impact enrolment at the sites.

Summary of activities in Q2

The Company announced the significant milestone of the enrolment of the first patient in its Phase I study of the MagSense® HER2 Test Reagent. This study is the first human investigative study of the Company’s proprietary molecular imaging technology.

The Company also announced a collaboration with Patrys Limited (ASX:PAB). The collaborative research project will investigate use of a Patrys antibody with Imagination MagSense® nanoparticles with the aim of improving brain tumor imaging and diagnostics. In Q12021, the company also announced a preclinical research project between Imagination and researchers at Monash University’s Biomedicine Discovery Institute with the aim of achieving an early proof of concept validation of a MagSense® prostate cancer imaging agent. Both the Patrys Limited collaboration and the Prostate project have commenced, and signal the exploration of the utility of the MagSense molecular imaging strategy in areas of substantive unmet medical need.

Imagination Biosystems Limited

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The Company received a \$2.6 million R&D tax incentive in relation to 2020 R&D activities. This was higher than the \$2.2 million received in the prior year and reflected increased R&D spend leading up to the commencement of the Phase I HER2 Breast Cancer Study in December 2020.

Summary of Q2 Cash Flows

Imagion's cash balance increased slightly during the quarter by \$0.9 million to \$13.9 million. During the quarter \$2.6 million was received in non-dilutive R&D tax incentives and \$0.3 million upon the exercise of options.

The Company reported an adjusted operating cash outflow of \$1.9 million in the quarter (excluding the \$2.6 million R&D tax incentive), an increase against the prior quarter's operating cash outflow of \$1.4 million. Both research and development expenses and staff costs were up quarter on quarter consistent with the average outflows for 2020 reflecting that Q12021 was a quieter than recent averages.

As Imagion's Phase I clinical study progresses and the Company advances its development pipeline, the Company is planning for research and development expenditures and staff costs to increase in the coming quarters.

As required within the Appendix 4C, the proceeds from the \$2.6 million R&D tax incentive are reported within operating cash flows. Excluding the R&D tax incentive the Company estimates that it would have seven quarters of funding available based on the adjusted operating cash outflow of \$1.9 million noted above. It is realistic to assume that the estimation is less than seven quarters of funding available given the additional commentary above noting that the Company is planning for costs to increase in the coming quarters. The exact quantum and timing of these increases is still to be determined so no additional estimation has been provided.

During the quarter, \$107k was paid to related parties and their associates. These payments related to director fees and executive director salaries.

-ENDS

About Imagion Biosystems

Imagion Biosystems is developing a new non-radioactive and safe diagnostic imaging technology. Combining biotechnology and nanotechnology, the Company aims to detect cancer and other diseases earlier and with higher specificity than is currently possible. Imagion Biosystems listed on the Australian Securities Exchange (ASX) in June 2017.

For further information please visit www.imagionbiosystems.com

Authorisation & Additional information

This announcement was authorised by the Board of Directors of Imagion Biosystems Limited

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Appendix 4C

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

Name of entity

Imagion Biosystems Limited

ABN

42 616 305 027

Quarter ended ("current quarter")

30 June 2021

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	48	89
1.2 Payments for		
(a) research and development	(645)	(1,135)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(41)	(92)
(d) leased assets	-	-
(e) staff costs	(817)	(1,411)
(f) administration and corporate costs	(465)	(821)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	13
1.5 Interest and other costs of finance paid	(6)	(13)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	2,612	2,612
1.8 Other (provide details if material)	-	46
1.9 Net cash from / (used in) operating activities	695	(713)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(20)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(91)	(91)

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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 (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(91)	(111)

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	253	1,589
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(2)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(66)	(208)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	187	1,379

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,007	13,201
4.2	Net cash from / (used in) operating activities (item 1.9 above)	695	(713)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(91)	(111)

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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)	187	1,379
4.5	Effect of movement in exchange rates on cash held	130	172
4.6	Cash and cash equivalents at end of period	13,928	13,928

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	13,928	9,007
5.2	Call deposits	-	4,000
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)	13,928	13,007

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	107
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>		

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7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	695
8.2 Cash and cash equivalents at quarter end (item 4.6)	13,928
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	13,928
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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>	

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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.

30 July 2021

Date:

By the Board of Imagion Biosystems Limited

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.