



Appendix 4C and Activities Report – September 2020 Quarter

- **Potential LONGMILE transaction progressing with in principle advice from ASX anticipated in near term**
- **End of quarter cash reserves of \$3.312 million**

Brisbane (Australia) 29 October 2020: Factor Therapeutics Limited (ASX:FTT, “FTT” or the “Company”) has released its Appendix 4C for the September 2020 Quarter.

Activities during the Quarter

The Board has been focused on progressing the diligence for the previously announced potential transaction with USA-based Brain Biosciences Inc., doing business as LONGMILE Veterinary PET Imaging (“LONGMILE”), to acquire products and technologies for companion animal and equine veterinary imaging.

Technical, intellectual property and commercial due diligence activities are substantially complete.

Conclusion of the negotiation of formal transaction documents for the acquisition of the global commercial rights to LONGMILE’s veterinary product portfolio - to include transfer pricing, manufacturing capacity and ongoing technology and intellectual property development - is anticipated in coming weeks.

In addition to commercial conditions precedent, completion of the transaction remains subject to conditions imposed by the Australian Securities Exchange (**ASX**) including to re-comply with Chapters 1 and 2 of the ASX listing rules.

The Company is seeking in principle advice from ASX on relevant Listing Rule matters to ascertain to a reasonable degree of certainty any fundamental hurdles to its application for admission to the ASX official list under Listing Rule 1.1 Condition 1 and Listing Rule 1.19. The advice remains pending and is anticipated in the near term.

As previously disclosed, trading in the securities of FTT will continue to be suspended until such time as the transaction is concluded and the Company has satisfied all ASX requirements.

Summary of cash position and expenditure during the quarter

The Company held cash reserves at the end of the quarter of \$3.312 million. Quarterly operating expenditure during the quarter was \$0.149 million, with the majority being for administration and corporate costs relating to compliance and activities associated with pursuing the LONGMILE transaction which was announced to the market on 24 July 2020. Payments noted under section 6.1 of the accompanying Appendix 4C are to directors and relate to non-executive director fees.

This announcement has been authorised for release by the Board of Factor Therapeutics Limited.

Appendix 4C

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

Name of entity

FACTOR THERAPEUTICS LIMITED

ABN

45 101 955 088

Quarter ended ("current quarter")

30-September-2020

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	(2)
(b) product manufacturing and operating costs	-	(3)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(23)	(98)
(f) administration and corporate costs	(128)	(304)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	666
1.8 Other (provide details if material)	-	-
1.9 Net cash from/(used in) operating activities	(149)	264

2. Cash flows from investing activities

2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(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
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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	-	-
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	-	-
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	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,462	3,039
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(149)	264
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(1)	9
4.6	Cash and cash equivalents at end of quarter	3,312	3,312

Consolidated statement of cash flows	Current quarter	Year to date (9 months)
	\$A'000	\$A'000

	Current quarter \$A'000	Previous quarter \$A'000
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		
5.1 Bank balances	3,291	3,315
5.2 Call deposits	21	147
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)	3,312	3,462

	Current quarter \$A'000
6. Payments to related parties of the entity and their associates	
6.1 Aggregate amount of payments to related parties and their associates included in item 1	(22)
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

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

Payments to related parties of the entity and their associates includes directors fees and executive directors salaries.

Financing facilities

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

- 7. Loan facilities
- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Total drawn at quarter end \$A'000
	-	-
	-	-
	-	-
	-	-

7.5 **Unused financing facilities available at quarter end**

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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 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

- 8.1 Net cash from / (used in) operating activities (Item 1.9)
- 8.2 Cash and cash equivalents at quarter end (Item 4.6)
- 8.3 Unused finance facilities available at quarter end (Item 7.5)
- 8.4 Total available funding (Item 8.2 + Item 8.3)
- 8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

	\$A'000
	(149)
	3,312
	-
	3,312
	22.22

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.

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:

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:

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:

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

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.

Date: 29 October 2020

Authorised by: By the Board

(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.