

Quarterly Update and Appendix 4C

Key highlights from the quarter:

- **First annual agreement for ilumen™ signed with PwC Australia**
- **Successfully completed three of four ilumen™ commercial trials with Compass Group**
- **Successfully completed commercial trial with another Global Mining Company**
- **Commenced active enrolments for Depressive Burden Study following Review Board approval**
- **Development of sleep-stage identification algorithms substantially complete**
- **Restructured US operations as part of continuing cost-reduction strategy**
- **Changes to the composition of the Board**

Melbourne, Australia and Minneapolis, MN – 31 January 2020: Medibio Limited (MEB or the Company)(ASX: MEB)(OTCQB: MDBIF), a mental health technology company is pleased to provide the following quarterly update.

Commenting on activities completed during the quarter, Managing Director Claude Solitario said:

“As a newly appointed Managing Director it gives me great pleasure to provide the following report which outlines a strong period for the Company in which a number of key organisations commenced using our flagship mental health product, ilumen™, amongst other achievements.”

“As both a founder and major shareholder in the Company I would like to underline that the new Board is steadfast in its commitment to returning value to shareholders and there will be a strong focus on communicating our future successes.

“The Medibio technology holds immense clinical application and commercial potential and I look forward to delivering further updates as we begin to realise this potential.”

Company update

Medibio released a Report to Shareholders on Company Activities and Outlook for 2020 (See ASX Announcement dated 9/12/19), with the Company entering into a new phase of development.

The report may be viewed [here](#).

Clinical Update

Medibio continues the development of its Clinically Depressive Burden algorithm, along with the related software platform, for FDA approval. Our aim is to identify clinical depressive burden in patients with sleep disturbances who undergo a sleep study in a sleep clinic environment. The software platform will include:

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1. a sleep staging algorithm (referred to below);
2. a heart rate variability algorithm; leading to,
3. the depressive burden analysis.

On October 29th, our Sleep Analysis of Depressive Burden (SADB) study was approved by a USA-based Institutional Review Board (IRB) to start studies that will generate clinical data to support the De Novo submission we are targeting for late 2020. Active enrolments for the study commenced in December.

An early and essential step in this endeavour is the identification of the 5 distinct sleep stages. To this end, during the December quarter, the Company substantially completed the development of an algorithm that will identify these important sleep stages.

As a result of this work, Medibio's development team has identified a potential regulatory path related exclusively to our sleep-staging algorithm. Although this algorithm is an essential part of the depressive burden analysis, it has commercial value in its own right and will be the subject of a separate 510K FDA application target for the June quarter of 2020. To date, performance of the algorithm is showing overall accuracy in the range of 79%-82%. This is as good as or better than human scorer agreement.

Medibio will shortly be releasing its FDA strategy for 2020.

Ilumen™ Commercial Update

During the December quarter, Medibio was pleased to announce that it had signed an annual agreement with PwC Australia for ilumen™, commencing October 2019. This agreement represents the first annual licensing arrangement for ilumen™ and follows a successful program conducted for PwC Australia in 2018. This agreement demonstrates the interest and the need that we are seeing from the market in a variety of geographies for this technology.

During the period, Medibio also successfully completed the following commercial trials with leading food services company, Compass Group:

- October 2019 - Business & Industry Division in the United Kingdom;
- November 2019 - Offshore & Remote Division in the United Kingdom; and
- December 2019 - Compass Group Australia.

Participation rates, although voluntary, were as high as 79.8%, which far exceeded expectations. All three commercial trials completed to date have provided valuable data to each business unit. The results from these commercial trials have been presented to Compass management periodically.

These commercial trials have provided important insights to both Compass and Medibio as we work to towards defining a long-term commercial arrangement with the Compass Group. Medibio expects to complete the last of four pilot programs in February 2020.

In September 2019, the Company signed a six-week licence agreement for ilumen™ with a British multinational mining company. The license agreement was with the client's marketing division, consisting of approximately 500 employees based in Singapore (Singapore), United Kingdom (London), Australia

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(Brisbane), Chile (Santiago), Brazil (Rio De Janeiro), and South Africa (Johannesburg).

The program, which commenced in October 2019, was well-received and the results will be formally presented to the Company's executive in the March quarter of 2020. This agreement marked another step forward for Medibio in achieving its global commercialisation strategy for ilumen™.

Medibio will shortly be releasing its ilumen™ strategy for 2020.

Corporate and Financial

During the December quarter Medibio undertook a comprehensive review of its internal operations in order to identify cost savings. As a result of this review, the Company relocated its corporate, financial and administrative activities from the US to Australia, which included the global commercialisation activities for ilumen™. The restructure involved a significant downsizing of the Minneapolis office, which now focuses exclusively on the development of our regulated products and related FDA program. The cost savings identified are being applied predominantly to the commercialisation of ilumen™ and the FDA program.

As part of the downsizing of the Minneapolis office, Mr David Kaysen stepped down as CEO, Managing Director and Chairman, and the Board of the Directors was reduced from seven directors (including Mr Kaysen) to three directors.

Mr Claude Solitario was appointed as Managing Director to succeed Mr Kaysen. Mr Solitario is a founder and major shareholder of the Company. His background, experience and knowledge of the Company and its intellectual property will prove invaluable in ensuring that Medibio maintains and builds on the momentum of its FDA program and the commercialisation of ilumen™. Mr Solitario's letter of introduction to shareholders may be viewed [here](#).

The Company's December quarter net cash burn was \$1.74 million resulting in the cash position at 31st December 2019 of A\$2.2million. The estimated cash expenditure for the current March 2020 quarter is expected to be \$1.26 million (this will include approximately \$315,000 in one-off costs in relation to the Company's cost reduction strategies) followed by an estimated cash expenditure for the June 2020 quarter of \$0.9 million.

Closing

Thank you for your continued support of Medibio and your time and attention to this report.

Regards,
Claude Solitario
Managing Director

– ENDS –

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This announcement is authorised for release to the market by the Board of Directors of Medibio Limited.

About Medibio Limited

Medibio (ASX: MEB) (OTCQB: MDBIF) is a mental health technology company pioneering the use of objective measures to aid in the early detection and screening of mental health conditions. Through their Corporate Health product, the Company offers mental well-being solutions for businesses and are also developing products to serve the healthcare provider market. The company was founded in Australia, with offices located in Melbourne (Vic) and Minneapolis (MN). Medibio is listed on the Australian Securities Exchange Ltd and trades on the OTCQB Venture Market. Investors can find additional information on www.otcmarkets.com and www.asx.com.au.

Further Information:	Website: www.medibio.com.au
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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Medibio Limited

ABN

58 008 130 336

Quarter ended ("current quarter")

31 December 2019

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	64	86
1.2 Payments for		
(a) research and development	(544)	(955)
(b) product manufacturing and operating costs	-	(1)
(c) advertising and marketing	(5)	(5)
(d) leased assets	-	-
(e) staff costs	(489)	(1,086)
(f) administration and corporate costs	(460)	(1,120)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST refund)	-	13
1.9 Net cash from / (used in) operating activities	(1,428)	(3,061)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	(239)	(239)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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	(239)	(239)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	4,711
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(12)	(479)
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	(12)	(4,232)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,961	1,333
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,428)	(3,061)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(239)	(239)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(12)	4,232

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(66)	(49)
4.6	Cash and cash equivalents at end of quarter	2,216	2,216

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	576	3,803
5.2	Call deposits	1,640	158
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)	2,216	3,961

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000

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Non-Executive Directors are no longer remunerated by means of cash for services. Payments noted above represent payments to Mr. David B. Kaysen in his capacity as Chairman, CEO and Managing Director (noting his resignation subsequent to quarter end on 8 January 2020). Ms. Melanie Leydin, Director and Joint Company Secretary, was compensated for corporate secretarial services via payments to Leydin Freyer Corp Pty Ltd.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000

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-

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate 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 details of those facilities as well.		
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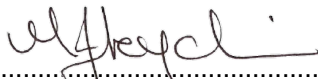
9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	335
9.2 Product manufacturing and operating costs	67
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	365
9.6 Administration and corporate costs	496
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows¹	1,263

¹ The company is an operating business that generates cash inflows each quarter. Estimated cash outflows are based on assumptions including activity on estimated inflows. The above summary of estimated cash outflows does not reflect the anticipated net cash flows for the following quarter, as it excludes cash inflows (such as receipts from customers). Also included within the section is costs associated with the cost reduction strategy which are once off costs to occur during the March 2020 quarter.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

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.

Sign here: 
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(Director and Company secretary)

Date: 31 January 2020

Print name:

Melanie Leydin

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.