



Quarterly Activity Report

Quarter ending 30 September 2023

IMAGION BIOSYSTEMS LIMITED

(ASX: IBX)

31 OCTOBER 2023

Highlights:



Announced preliminary performance of MagSense® HER2 Imaging Agent in Phase 1 study after study closure (post quarter end)



Entered a strategic partnership with Prestige Biopharma to develop early pancreatic cancer diagnosis platform



Presented new animal data on MagSense® MRI ovarian cancer detection at AACR conference (post quarter end)



Received AU\$3.5 million in R&D tax incentives

IMAGION
BIOSYSTEMS

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 September 2023 (Q3 FY2023).





Imagion Biosystems' Chief Executive Officer, Dr. Isaac Bright said, "I have now been in the CEO seat for more than four months and I must say I am pleased with the progress we are making and I am looking forward to the remainder of 2023 and what 2024 has in store for our company. We have increased focus and efficiency with our revised business model, and the team's response to our corresponding re-organization has been inspiring. We remain on schedule to submit our IND application to the FDA in the first quarter of 2024.

"Business partnering opportunities are a key for this business to succeed and I was pleased to execute the MOU with Prestige Biopharma during the quarter. Further opportunities are in the pipeline and we will update shareholders upon successful execution."

Summary of Activities

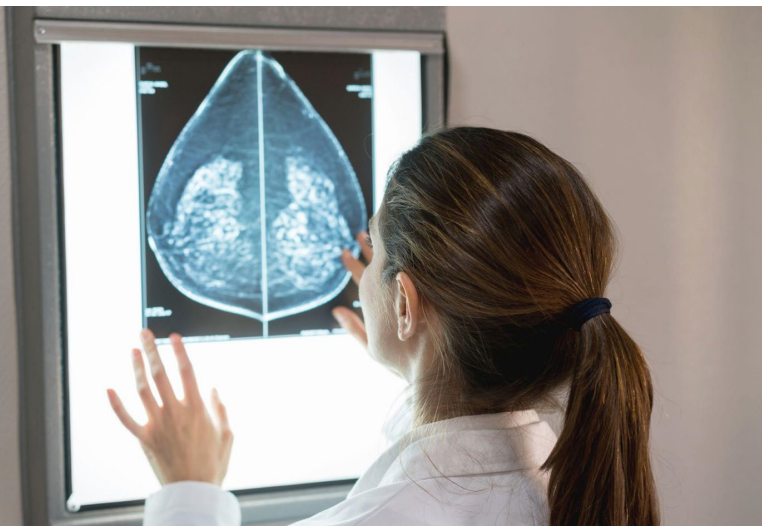
MagSense® HER2 breast cancer study

Subsequent to quarter end in October, the Company announced preliminary performance of its MagSense® HER2 imaging agent (MSH2IA) in relation to its Phase 1 study (IBI10103). The Company also announced that the study was now closed with the final study site now taking no further enrolments.

Imagion's MSH2IA is designed to enable molecular MRI that detects lymph node metastatic HER2+ breast cancer in newly diagnosed patients. In the IBI10103 study, 13 patients were administered with the MagSense® HER 2 Imaging Agent. The drug was safe and well-tolerated, as there were no MSH2IA-related adverse events. 8 patients' MSH2IA molecular MRI results were interpretable by blinded radiologists participating in the study, while 3 subjects' tumour invasion impaired lymphatic drainage of the drug, and 2 subjects' MSH2IA molecular MRIs were marred by common MRI artifacts. Of the 8 interpretable patients, the actual pathology results from resected lymph node tissue agreed with the blinded radiologists' reports for 7 patients. Complete results will be released at December's San Antonio Breast Cancer Symposium and subsequently published, as previously announced.

The Company will use the data in support of an Investigational New Drug (IND) application submission to the US FDA ,expected in Q1 2024.

A link to the ASX announcement can be found [HERE](#).



Presented new animal data on MagSense® molecular MRI detection of ovarian cancer at AACR Ovarian Cancer Conference

Subsequent to quarter end in October, Dr. Marie Zhang (our VP of R&D) presented a poster in relation to Imagion's preclinical ovarian cancer research at the American Association for Cancer Research (AACR) Special Conference on Ovarian Cancer.

The poster presented from Imagion's preclinical in vivo animal studies showed that our MagSense® folate receptor nanoparticles can provide target-specific delivery to cancerous tissue and create molecular T2 contrast in Magnetic Resonance Imaging (MRI). Notably, multiple types of orthotopic mice models were used with efficient delivery and binding of the MagSense® folate receptor nanoparticles to ovarian tumour cells being detectable using MRI.

A link to the ASX announcement can be found [HERE](#).

Announced strategic partnership with Prestige Biopharma to develop early pancreatic cancer diagnosis platform

In August, a Memorandum of Understanding (MOU) was executed with Prestige Biopharma, a biopharmaceutical company specializing in innovative antibody therapies. Together, Imagion and Prestige Biopharma will jointly pursue the development of the world's first non-invasive early detection diagnosis and staging platform for pancreatic cancer. Combining MagSense® molecular MRI and Prestige Biopharma's PAUF-based antibody drug, PBP1510, the partnership aims to accelerate accurate diagnosis and therapeutic intervention.

The MOU covers preclinical feasibility research that should be completed in the short-term. Should the research produce favorable results, both companies may then agree to expand the collaboration to further advance the technologies.

This initiative expands Imagion's growing pipeline of MagSense® imaging agents within the Company's MagSense® platform. The Company is now developing MagSense® targeted nanoparticles to revolutionize cancer diagnosis via MRI molecular imaging for HER2 breast cancer, ovarian cancer, prostate cancer, brain cancer and pancreatic cancer.

A link to the ASX announcement can be found [HERE](#).

Extraordinary General Meeting

We recently released a video of Dr. Bright explaining the rationale for the resolutions being tabled at the upcoming Extraordinary General Meeting to be held on 13 November 2023. We are holding the meeting as both a physical and virtual meeting and encourage shareholders to attend.

A link to the video can be found [HERE](#).



Funding initiatives

In July 2023, the Company placed the entitlement offer shortfall, raising \$1.97 million (pre-costs).

In August 2023, Imagion received \$1.0 million from Mercer Street Global Opportunity Fund LLC, a U.S. based investment fund managed by Mercer Street Capital Partners LLC pursuant to the convertible note agreement between the Company and Mercer announced on the ASX on 7 March 2023.

In September 2023, the \$3.53 million 2022 R&D tax incentive claim was received from the Australia Taxation Office.

The Company is using this funding to advance the clinical development of the Company's lead imaging agent as well as for other general working capital expenses.



Summary of Cash Flows

Imagion's cash balance as at 30 September 2023 was \$2.43 million, an increase of \$1.98 million from the prior quarter. The Company reported an operating cash outflow of \$0.46 million in the quarter (or \$3.99 million when adjusted for \$3.5 million R&D tax incentive received during the quarter). The adjusted operating outflows have increased by \$0.89 million from the prior quarter's operating cash outflow. This was in line with the Company's expectations.

Research & development outflows increased during the quarter (\$1.8 million outflow in Q3 compared to \$1.3 million in Q2). They are expected to increase again in Q4 2023 as the MagSense® HER2 Breast Cancer program progresses towards an IND filing (in Q1 2024). In addition, the Company continues to advance its development pipeline, and therefore this may add to research and development expenditures.

Payroll costs are expected to reduce slightly in Q4 2023 and then from Q1 2024 by ~20% as a result of the headcount reduction that took place in early October.

Receipts from customers remained strong with \$375 thousand received during Q3 from the sale of nanoparticles. This revenue is expected to reduce in Q4 as some recent larger customer orders have been filled.

In relation to liquidity the Company has capacity within the convertible securities agreement with Mercer and is looking at other funding alternatives in Australia and the US.

The Company also paid \$130 thousand to related parties and their associates. These payments are related to director fees and executive director salaries.

About Imagion Biosystems

Established in 2017 and headquartered in San Diego, California, US, Imagion Biosystems is an ASX-listed company dedicated to developing innovative medical imaging technologies for various cancer types. Imagion Biosystems is advancing clinical development of its MagSense® platform technology to revolutionize cancer diagnosis, introducing molecular imaging to MRI. The Company's lead program has demonstrated its innovative technology embodied in MagSense® HER2 Imaging Agent (MSH2IA) is safe and well-tolerated in patients diagnosed with HER2+ breast cancer. Imagion Biosystems' MagSense® pipeline includes prostate cancer, ovarian cancer, pancreatic cancer, and brain cancer programs.

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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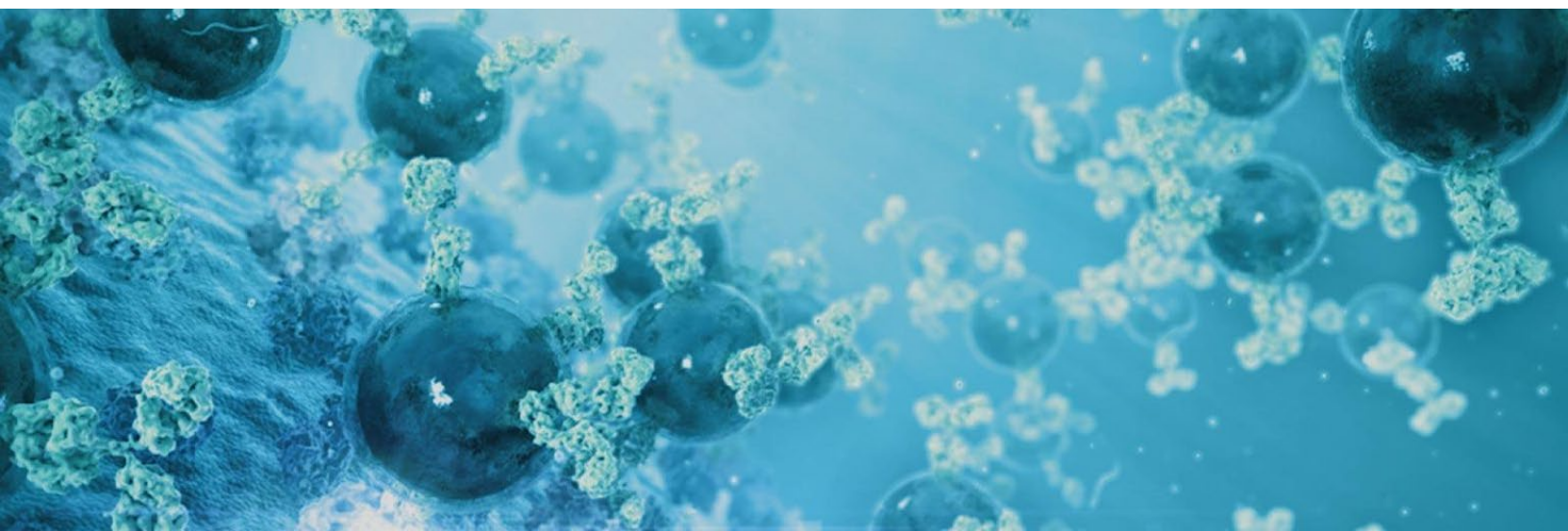
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Appendix 4C

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 September 2023

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	376	854
1.2 Payments for		
(a) research and development	(1,816)	(3,964)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(43)	(157)
(d) leased assets	-	-
(e) staff costs	(1,501)	(4,487)
(f) administration and corporate costs	(1,044)	(2,236)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	42	58
1.5 Interest and other costs of finance paid	(39)	(120)
1.6 Income taxes paid	(15)	(15)
1.7 Government grants and tax incentives	3,534	3,534
1.8 Other (provide details if material)	47	146
1.9 Net cash from / (used in) operating activities	(458)	(6,477)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(19)	(43)
(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
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	(19)	(43)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,970	2,383
3.2	Proceeds from issue of convertible debt securities	1,000	3,500
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(277)	(619)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(249)	(798)
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	2,444	4,466

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	454	4,446
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(458)	(6,477)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(19)	(43)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,444	4,466
4.5	Effect of movement in exchange rates on cash held	15	44
4.6	Cash and cash equivalents at end of period	2,436	2,436

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	2,436	454
5.2	Call deposits	-	-
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)	2,436	454

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	130
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.

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. 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)	15,000	3,500
7.4 Total financing facilities	15,000	3,500
7.5 Unused financing facilities available at quarter end		11,500
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.		
The Company has a \$15 million convertible note facility with \$11.5 million undrawn at quarter end. \$1.0 million was drawn during the quarter, with total drawn of \$3.5 million. The remaining \$11.5 million is subject to use of the Company's 15% placement capacity as well as mutual consent with the lender and the Company prior to drawdown. The facility is secured over the Company's assets and has no coupon payable.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(458)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,436
8.3 Unused finance facilities available at quarter end (item 7.5)	11,500
8.4 Total available funding (item 8.2 + item 8.3)	13,936
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	30.4
<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 October 2023

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.