29 April 2024

MARCH 2024 QUARTERLY ACTIVITY REPORT AND APPENDIX 4C – MEMPHASYS LIMITED (ASX: MEM)

Memphasys Limited (**MEM or the Company**) is a reproductive biotechnology company developing novel medical devices, diagnostics, and media with application to assisted reproductive technology (ART) in humans and animals.

MEM's most advanced product, the Felix™ System, which is now being sold commercially in Japan, is a patented, automated device for quickly and gently separating sperm from a semen sample for use in ART procedures.

In addition, MEM is undertaking several other projects to extend its commercial product pipeline, most notably RoXsta and AI-Port, which are being developed by MEM in conjunction with the University of Newcastle (UoN) under the direct guidance of MEM's Scientific Director and global Andrology expert, Laurette Professor John Aitken.

Memphasys encloses its Appendix 4C cash flow statement for the quarter ended 31 March 2024 (**Q3FY24**), along with the following update.

FELIX COMMERCIAL ROLL-OUT

JAPAN – SALES ACCELERATING

During Q3FY24, Memphasys confirmed that Vitrolife in Japan (Vitrolife KK), a subsidiary of Swedish-based Vitrolife Group (Vitrolife AB), had placed an additional order for the Felix™ System (Felix™) under its exclusive agreement to sell and distribute the device in Japan.[1]

The order of 200 single-use Felix™ cartridges and six Felix™ consoles will be directed to six new target clinics in Japan. Inclusive of this recent sale, Vitrolife KK is progressively incorporating the Felix™ System into 11 of its clinics. Sales revenue from this latest order are anticipated to be recognised in Q4FY24.

Since the initial announcement of MEM entering an exclusive distribution agreement with Vitrolife KK in August 2023, clinical interest among Japanese IVF clinics has grown significantly, resulting in the recent expansion in sales volumes and clinics using the device.

The increased sales volume demonstrates Memphasys is successfully progressing the sales onboarding process, with Japanese clinicians, embryologists and management becoming increasingly familiar with the system. The expansion of Felix™ to additional clinics further increases device awareness, with Vitrolife providing training and managing the distribution of the device to new and existing clinics.

Vitrolife and Memphasys discussions to implement a standing order progressed and are likely to be finalised in Q4FY24.

CANADA AND NEW ZEALAND – SALES TO COMMENCE

In January 2024, Memphasys announced exclusive five-year distribution agreements with Vitrolife subsidiaries in the Canadian and New Zealand markets on similar terms to the Company's agreement with Vitrolife KK.

These markets present a strong opportunity for early commercial access to build the Felix™ brand and access key opinion leaders to legitimise the product in their landscape.

[1] Refer ASX announcement dated 7 August 2023 for details of agreement.

Following these agreements, the plans for training for the Felix™ have commenced in both markets representing the initial steps of the sales onboarding process.

OTHER EARLY ACCESS JURISDICTIONS

MEM has identified and is continuing to seek distribution partnerships in other early access jurisdictions with various potential distributors, including Vitrolife AB.

REGULATORY AND QUALITY UPDATE

In Q3FY24, MEM's clinical trial in conjunction with Monash IVF Group Ltd (MVF) steadily gained further momentum, however, it continues to be delayed by low patient numbers for the Density Gradient Centrifugation (DGC) trial arm. Based on current indications, MEM expects the trial to be completed by Q2FY25 and the results analysis and regulatory submission to be filed by Q3-Q4FY25. The results of the MVF clinical study will be filed as a formal regulatory submission with the Therapeutic Goods Administration (TGA).

During the quarter the Company has taken proactive steps to increase participation specifically in the DGC trial arm in order to reduce the overall study timeline. This includes the addition of a newly acquired Monash IVF site in Q4FY24 and finalising negotiations with an international institution in Japan that predominantly uses DGC to be part of the clinical study in Q4FY24.

MEM is proud to report that it has passed its external audit for ISO 13485 by BSI International.

NEW PRODUCT DEVELOPMENT

ROXSTA (FORMERLY ROSA)

RoXsta is an in-vitro diagnostic device that assesses semen and other bodily fluids for oxidative stress load. Oxidative stress is linked to human infertility and is an underlying factor in Alzheimer's disease, diabetes, and heart disease. In addition, we believe that RoXsta may also have application as part of a suite of products that can support the Animal industry, in addition to the Company's AI-Port.

The diagnostic device can assess a wide array of fluids or samples, increasing RoXsta's application beyond human and animal fertility to other industries such as food technology, point of care consumers, and cosmetics.

Given the broad range of potential uses, Memphasys has developed a strategic commercialisation pathway, which will initially leverage the Company's network of human fertility KOLs attained through the development of the Felix™ System.

The reproductive science research market globally is significant. In addition, the human fertility market represents a substantial additional opportunity, particularly in those markets with minimal regulatory hurdles such as Japan.

Currently a prototype design is under development with a pilot batch to be manufactured initially for research usage. During the quarter MEM's external design partner continued to progress the prototype, which is anticipated to be finalised over the coming months.

Following the development of a prototype, Memphasys envisions the introduction of RoXsta to international KOL partners. Like Felix™, RoXsta's accuracy will be independently tested and published by these KOLs to build a body of clinical data.

KOL engagement will provide data for regulatory clearance in high access markets and is also envisioned to present opportunities to develop partnerships or joint ventures to further accelerate the international sales potential of RoXsta.

Following the initial development of RoXsta for the human fertility market, Memphasys will seek to broaden the device's application targeting other low regulatory industries such as food technology.

ARTIFICIAL INSEMINATION-PORT (AI-PORT)

AI-Port has been developed for the purpose of maintaining the viability of livestock semen for up to seven days at a temperature range of 22 – 25 degrees Celsius. This would enable collection and transportation of semen without needing cryopreservation, while importantly also limiting sperm DNA damage and providing a greater number of viable sperm than cryopreservation to the end-user. This offers considerable efficiency and quality improvements over current practice. AI-Port has an estimated addressable beef (non-dairy) market size of nearly A$2.4 billion[2].

To date, two field trials have been completed using AI-Port and a third field trial is planned to commence in the second half of 2024.

During the quarter, Memphasys received results from its second field trial. The trial was conducted with four bulls across 146 cows. Results showed that AI-Port improved upon its first field trial and provided important information in respect to the optimisation of media.

Whilst the AI-Port trial conducted did not meet rates observed with conventional cryostorage procedures they were an improvement on the initial pilot study conducted in April 2023 and provide valuable insights for further improvement of identifiable areas, which will be incorporated into the next field trial. Media optimisation work undertaken by University of Newcastle researchers commenced during Q3FY24, which will be implemented in the November 2024 field trial, where further positive outcomes are expected.

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Memphasys is currently advanced in discussions with its agricultural partners in pursuing various commercialisation pathways for AI-Port. The Board looks forward to updating investors shortly on the progress of these discussions MEM is also assessing avenues to sales distribution networks both locally and internationally.

CORPORATE AND BUSINESS ACTIVITIES IN THE MARCH QUARTER (Q3FY24)

There was no change in the activities of the Company during Q3FY24.

During the period, the Company commenced a cost reduction initiative with management identifying opportunities to streamline several R&D and operational expenses across its suite of products. These cost reductions are anticipated to improve overall project development efficiency, while having no effect on project timelines.

The most significant changes in the cash flow of the Company in Q3FY24 were:

- No cash inflow from R&D Incentive grant, and
- Cost reduction initiative introduced but not reflective in Appendix 4C cashflow statement with creditor payments made in the prior quarter settled from funds raised in that quarter.

Administration and Corporate costs include the payment of:

- Non-executive director fees of $37,722;
- Salary and superannuation contribution, totaling $75,600, paid to Acting Managing Director and Chief Executive Officer, Dr David Ali; and

Staff costs include:

- Final PAYG and superannuation of $122,517, paid to former Managing Director and Chief Executive Officer, Ms. Alison Coutts.

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[2] Extracted multiple sources: Grandview Research–Veterinary AI Market Size, share and trends, analysis report by animal type–2017–2030- https://www.grandviewresearch.com/industry-analysis/veterinary-artificialinsemination-market; United States Department of Agriculture–Foreign Agricultural Service 2021 (Report No: BR2021-0010); "World Statistics for Artificial Insemination in Cattle; Statista–"Capturing the Value of Artificial Insemination in Commercial Herds"; "Artificial Insemination–Current & Future Trends" As percentage of global total doses

Appointment of highly experienced non-executive director

On 12 March 2024, MEM enhanced its board with the appointment of successful corporate executive Michael Atkins as an independent non-executive director. Since 1987 Michael has been involved with the formation of, and capital raising for, and management of, many listed companies on the ASX, both as a Chairman/Director and as a corporate advisor. Importantly for Memphasys, he has direct experience working in many countries throughout Asia, North America, Africa, and Europe.

Mr Atkins was, until November 2021, a Senior Advisor to international stockbroker Canaccord Genuity in Australia. Prior to that he spent more than 16 years in senior corporate advisory roles with several Australian stockbroking roles, including 10 years as Director – Corporate Finance at Paterson Securities. Mr Atkins is currently the Chair of Castle Minerals Limited and non-executive Director of SRG Global Limited, both ASX listed.

Extension of Convertible Note and approval for prior issue of securities

On 14 February 2024, MEM held an Extraordinary General Meeting of shareholders whereby all resolutions put to shareholders were approved, including approval to extend the maturity date of the $3M Convertible Note held by Peters Investments Pty Ltd to 31 December 2024.

At this meeting shareholder approval was also given to the issue of 23,883,541 ordinary fully paid shares, which were issued on 15 February 2024.

This concludes MEM's Quarterly Activities Report for Q3FY24. The Appendix 4C cashflow report is attached.

Approved for release by the Board of Memphasys Limited

For further information, please contact:

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Memphasys Limited
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Appendix 4C

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

Name of entity	
Memphasys Limited	
ABN	**Quarter ended ("current quarter")**
33 120 047 556	31 March 2024

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	-	36
1.2	Payments for		
	(a) research and development	(270)	(1,033)
	(b) product manufacturing and operating costs	(28)	(91)
	(c) advertising and marketing	(11)	(38)
	(d) leased assets	(51)	(146)
	(e) staff costs	(868)	(1,991)
	(f) administration and corporate costs	(274)	(996)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	10
1.5	Interest and other costs of finance paid	(5)	(52)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	1,315
1.8	Other	-	5
1.9	**Net cash from / (used in) operating activities**	**(1,503)**	**(2,981)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	(77)
	(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**	**-**	**(77)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,133	3,571
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	(218)	(368)
3.5	Proceeds from borrowings	-	679
3.6	Repayment of borrowings	-	(1,026)
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**	**1,915**	**2,856**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	24	638
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,503)	(2,981)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(77)

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)	1,915	2,856
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**436**	**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	436	24
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)**	**436**	**24**

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	236
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** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	3,836	3,836
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	3,836	3,836

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.

Convertible Note ($3M) plus interest of $ $597,270; maturity date 31 December 2024.

Related party short-term unsecured loans (including accrued interest) totalling $238,836.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	**(1,503)**
8.2	Cash and cash equivalents at quarter end (item 4.6)	**436**
8.3	Unused finance facilities available at quarter end (item 7.5)	**-**
8.4	Total available funding (item 8.2 + item 8.3)	**436**
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	**0.29**

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: Yes.

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: Yes. The company is applying for a R&D loan - to be secured against the R&D Tax Rebate - to assist funding its operations during the June 2024 quarter. The Company has also commenced a process to secure funding partners for some of its R&D activities as well as an additional capital raising.

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:	Yes. The business expects to be able to continue its operations and meet its business objectives on the basis it has the necessary licences, agreements and technical personal in place to ensure the Company continues to advance the commercialisation of the Felix Device (and other technologies). As mentioned in the prior quarter, the priority of the new management is to expedite and complete the Felix study, enabling the company to proceed with TGA approval which will allow the company to expand into new markets, both locally and mainly in Asia.

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 April 2024

Authorised by: By the Board of Directors
(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.