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ASX Release

APPENDIX 4C – 30 JUNE 2020 QUARTERLY ACTIVITIES & CASHFLOW REPORT

Highlights:

- *Progress of clinical trial has been positive with a number of algorithm advancements*
- *Promising preliminary haemorrhagic images and classification capabilities from the clinical trial*
- *Collaborated with the Australian Stroke Alliance (ASA) to submit a Stage 2 bid for the Medical Research Future Fund (MRFF) program*
- *Keysight's first prototypes of the next generation customized healthcare VNAs, remains on track for delivery to EMVision for testing in Q4 calendar year 2020*
- *$5.41 million of cash reserves as at 30 June 2020*

EMVision Medical Devices Limited (ASX: EMV) ("EMVision" or the "Company") is pleased to lodge the following update and attached Appendix 4C Quarterly Cashflow Report for the 12-month period ended 30 June 2020.

In partnership with The University of Queensland (UQ), EMVision is developing and commercialising medical imaging diagnostics for various disease states and medical emergencies. The Company's primary focus is a portable, cost effective, non-invasive brain scanner to monitor and help with the diagnosis of brain injuries and stroke by creating rapid images of the brain.

Key activities undertaken during the quarter are outlined below:

Clinical Trial Update

The primary endpoint of EMVision's pilot clinical trial, which commenced in late January 2020, is to generate a dataset of stroke patient scans which improves the understanding of stroke on electromagnetic scattering effects in the brain and refine and select the optimal imaging algorithms as well as generating early data on correlation with CT and/or MRI images. This trial also informs commercial product development as well as FDA regulatory strategy and pivotal trial design.

Progress has been positive with a number of algorithms demonstrating strong correlation with the anatomical localization from MRI and CT (Refer to the Company's ASX announcement titled "Promising First Stroke Patient Images" released on 21 April 2020 for further details).

Additional information that is clinically useful is the high contrast between stroke injured tissue and healthy tissue which is harder to achieve in existing imaging techniques without contrast agents. One of the algorithms was not only able to identify the localization of a new stroke but also a stroke injury in the same patient from five years ago. Similar data from haemorrhagic patients also showed co-localisation with MRI and CT.

A critical finding has been the ability to discriminate between haemorrhagic and ischemic stroke which is an underlying principle for patient management using the portable hospital device but also the early responder application where suitable drugs may have the possibility of being administered early to improve patient outcomes. Although this data is preliminary, it is encouraging and indicates that we are on the right path to success.

EMVision anticipates completing its 30-patient enrolment target during Q3 calendar year 2020. Shortly after enrolment is complete, all datasets will be processed and the final results of the clinical study, when completed, will undergo a detailed review by the Company's clinical advisors and be released via the ASX.

Promising Haemorrhagic Images and Classification Capabilities

Subsequent to the end of the quarter, the Company is pleased to advise of promising preliminary haemorrhagic images and classification capabilities from the clinical trial.

In this small patient cohort, whom have been selected on the basis of their haemorrhagic stroke type, a selection of EMVision's imaging algorithms were able to detect, localise and classify haemorrhagic stroke. The conductivity, permittivity and related electromagnetic values identified in these scans differed from those in previous ischemic stroke patient datasets. These valuable datasets serve to demonstrate the potential of EMVision's techniques to not only detect and localise strokes, but importantly to classify them based on variances in conductivity, permittivity and related electromagnetic changes between blood, ischemic tissue and oedema (swelling due to fluid accumulation). (Refer to the Company's ASX announcement titled "Encouraging Haemorrhagic Images with Classification Capabilities" released on 22 July 2020 for further details).

Product Development Update

During the quarter, there has also been good progress in our learnings from the clinical trial outside of the data that has been acquired. There have been detailed discussions with the clinicians administering our device across medical doctors to nurses in disciplines such as neurology and intensive care. These interactions are pivotal to understanding the usability in the relevant contexts. Ideal head scanner orientation, ease of interface with the patient, and reduced device warm up time are some of the parameters that are expected to further improve the next generation of the device. We are in a very fortunate position to have excellent engagement and enthusiasm with staff at the Princess Alexandra Hospital and their input is critical to optimising the final design.

Australian Stroke Alliance update

The Company has collaborated with the Australian Stroke Alliance (ASA) to submit a Stage 2 bid for the Medical Research Future Fund (MRFF) program. The Company is a commercial partner in the ASA, which is administered by the Australian Stroke Alliance Limited, and incorporates a group of over 30 organisations across patient advocacy, healthcare, academia and industry.

The Stage 2 research and development program is a competitive grant program that aims to deliver modern prehospital stroke care to indigenous, remote and metropolitan Australians by developing a suite of portable imaging technologies, for the air and road ambulance market, that will radically transform access to early pre-hospital treatments, and dramatically improve stroke outcomes.

Subject to the successful grant of Stage 2 MRFF Program funding and completion of project agreements between the parties, EMVision will collaborate with the Australian Stroke Alliance in a project stream principally directed to adapting and validating EMVision's technology in air and road ambulance settings in a range of environments.

Broadly, if the Australian Stroke Alliance grant application is successful, the proposed partnership will allow EMVision to accelerate the following activities of the Company throughout Stage 2:

1. Technical validation of 1st Gen commercial device
2. In-hospital validation of 1st Gen commercial device
3. Road ambulance integration (first responder model development) and pre-hospital clinical validation
4. Air ambulance integration (first responder model) and pre-hospital clinical validation

The Company's 1st Gen commercial device is the model currently under development and is targeted for use in ICUs, stroke and neurology wards. This device intends to offer a bedside decision support and monitoring capability for the response to treatments, complications and progress of strokes. The First Responder model is the next generation device that could potentially speed up pre-hospital triage and create opportunity for earlier treatment choices pre-hospital.

The Stage 2 competitive bids are currently undergoing a review and assessment process. The Company expects to learn of the outcome of this review process and the ASA Stage 2 bid prior to the end of the 2020 calendar year.

Keysight Technologies (NYSE:KEYS) Collaboration

To accelerate EMVision's product development, in April 2019 the Company signed a Memorandum of Understanding with US-based technology company Keysight Technologies (NYSE:KEYS) to collaborate on a new generation of vector network analysis (VNA) units for the healthcare market, a key measurement component in EMVision's portable brain scanner.

Keysight's first prototypes of the next generation customized healthcare VNAs remain on track for delivery to EMVision for testing in Q4 calendar year 2020. Importantly, these next generation VNAs offer a dramatic size reduction on the VNA unit currently deployed in EMVision's pilot clinical study and greatly support the ongoing miniaturization efforts of EMVision's 1st Gen commercial device currently under development.

Cashflow commentary, cash reserves of $5.41 million as at 30 June 2020

The Company had net cash operating outflows for the quarter of $0.692 million and cash reserves of $5.408 million as at 30 June 2020. Total payments of $1.015 million for research and development activities including product development and clinical trial costs, staff costs (including research and development staff) and corporate administration were partly offset by the receipt of $0.237 million in Cooperative Research Centre project (CRC-P) grant funding and participant contributions.

EMVision was awarded a $2.6 million CRC-P grant from the Government of the Commonwealth of Australia in late 2017, and, through the grant process, has established key academic, clinical and industry relationships that will assist in the advancement and commercialisation of the Company's brain scanner program. The grant participant partners include GE Healthcare, a US$19 billon healthcare business of GE (NYSE:GE), The University of Queensland which is one of the world's top 10 universities for biotechnology, and The Queensland Government Metro South Hospital & Health Service operating at the Princess Alexandra Hospital, one of Australia's leading academic and research centres. These partners have also committed to provide a further $0.910 million in grant funds to EMVision. To 30 June 2020, the Company has received $2.109 million from the government and $0.413 million from grant participant partners.

The Company also had financing cash inflows for the quarter of $0.035 million from the receipt of option exercise proceeds.

As required by ASX Listing Rule 4.7C3, the Company notes that $0.170 million was paid to related parties during the quarter (as noted in section 6 of the attached Appendix 4C) and these payments were salaries, fees and superannuation paid to Directors.

Authorised for release by the Board of the Company.

[ENDS]

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Forward Looking Statements

This announcement may contain certain “forward looking statements” which may not have been based solely on historical facts, but rather are based on the Company’s current expectations about future events and results.

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially to futures results expressed, projected or implied by such forward looking statements.

The Company does not undertake any obligation to release publicly any revisions to any “forward looking statements” to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under the applicable securities laws.

ABOUT EMVISION

EMVision Medical Devices Limited is focused on the development and commercialisation of medical imaging technology. The Company is developing and seeking to commercialise a potentially cost effective, portable, medical imaging device using electromagnetic microwave imaging for diagnosis and monitoring of stroke and other medical applications. The technology is the result of over 10 years of development by researchers at the University of Queensland. The team of approximately 30 researchers is led by co-inventors Professor Amin Abbosh, who is considered a global leader in electromagnetic microwave imaging, along with Professor Stuart Crozier, who created technology central to most MRI machines manufactured since 1997. EMVision’s CEO, Dr Ron Weinberger, is the Former Executive Director and CEO of Nanosonics' (ASX:NAN), a $1.9 billion market cap healthcare company. Dr Weinberger has over 25-years’ experience developing and commercialising medical devices. During his time at Nanosonics, Dr Weinberger co-developed the company’s platform technology and launched their breakthrough product ‘Trophon’ globally, which would go on to become the gold standard for infection prevention. Dr Weinberger was instrumental in transforming Nanosonics from a research and development company to one of Australia’s leading medical device commercialisation success stories.

Appendix 4C

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

Name of entity	
EMVISION MEDICAL DEVICES LTD	
ABN	**Quarter ended ("current quarter")**
38 620 388 230	30 JUNE 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
	- CRC-P participant contributions	46	183
1.2	Payments for		
	(a) research and development	(533)	(2,926)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing		
	(d) leased assets		
	(e) staff costs including research and development staff	(340)	(1,277)
	(f) administration and corporate costs	(143)	(716)
1.3	Dividends received (see note 3)		
1.4	Interest received	23	37
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
	- R&D Tax Incentive rebate	-	658
	- CRC-P grant income	191	756
	- Covid-19 cash boost payment	50	50
1.8	Other (provide details if material)		
	- Net GST received / (paid)	13	11
1.9	**Net cash from / (used in) operating activities**	**(693)**	**(3,224)**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
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**	**0**	**0**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares		4,500
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	35	35
3.4	Transaction costs related to issues of equity securities or convertible debt securities		(252)
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**	**35**	**4,283**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	6,065	4,348
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(693)	(3,224)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	0
4.4	Net cash from / (used in) financing activities (item 3.10 above)	35	4,283
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	**Cash and cash equivalents at end of period**	**5,407**	**5,407**

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	2,386	3,065
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other – term deposit	3,021	3,000
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	5,407	6,065

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	170
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

- Salary, Director fees and superannuation paid to Directors ($170k)

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	0	0
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	**Total financing facilities**	0	0

7.5	**Unused financing facilities available at quarter end**	0

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)	(692)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	5,407
8.3	Unused finance facilities available at quarter end (Item 7.5)	0
8.4	Total available funding (Item 8.2 + Item 8.3)	5,407
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	7.8

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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

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

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

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: 22 July 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.