

IMAGION BIOSYSTEMS LIMITED

ASX: IBX

29 July 2024

Quarterly Activity Report – Quarter ending 30 June 2024

MELBOURNE – Imagion Biosystems (ASX:IBX), a company dedicated to improving healthcare through the early detection of cancer, today releases its Appendix 4C Quarterly Cashflow report and Activities Report for the quarter ending 30 June 2024 (Q2 FY2024).

“During the 2nd quarter the Company completed its cost reduction measures and now operates with a significantly reduced monthly cash burn,” said Bob Proulx, Executive Chair. Adding, “the Company expects to keep its G&A costs to a reduced level for the foreseeable future in favor of using contracted resources as needed. We believe the work we have to do to continue to develop our proprietary imaging technology and create shareholder value can be done without adding significant organizational costs.”

Summary of Activities

Compliance

On April 2nd the ASX suspended trading of the Company’s shares under Listing Rule 17.5 for non-compliance following failure to lodge its year-end audited financial statements. The Company lodged the audited financials in May but remained under suspension due to the resignation of two of its non-executive directors on May 2nd. Trading of shares resumed following the appointment of Brett Mitchell as a non-executive director on June 13th.

The Company’s Annual General Meeting (AGM) was held on May 31st wherein shareholders voted in favor of a spill resolution. Subsequent to the close of the quarter the Company lodged a Notice of Meeting (NOM) for an Extraordinary General Meeting (EGM) to be held on August 22nd noting that none of the directors who were in office when the directors' report was approved will stand for re-election and will retire at the conclusion of the meeting.

Organizational

As of the end of April, the Company had retrenched all remaining staff and had successfully negotiated the termination of its lease obligations for its laboratory and manufacturing facility. As a result, ongoing monthly operating costs have been significantly reduced on a go forward basis.

In June the Company appointed Ward Detwiler as Chief Business Officer. Ward’s primary role will be to focus on strategic partnering where his background and relationships in MRI imaging are expected to be helpful. See Ward’s bio [here](#).



Revenues

In April the Company completed delivery of the remaining 3rd party nanoparticle orders. Additionally, the Company entered into an Asset Transfer and Licensing Agreement with one of its customers to allow the customer to make nanoparticles on a go forward basis for their proprietary use since Imagion would not be able to continue to supply the material for the foreseeable future. Terms of the Agreement were not disclosed and are not financially material.

The Company received its 2023 R&D tax incentive in the amount of \$437,279 during the quarter, which boosted its operating cash balance.

In May the Company drew \$220,000 against the existing Mercer convertible note facility, mainly to pay for existing creditors, corporate and administrative costs related to maintaining ASIC and ASX compliance and holding its AGM.

The Company plans to raise new capital following the upcoming EGM on August 22nd to advance the clinical development of the Company's lead imaging agent as well as for other general working capital expenses. If shareholders do not approve the resolutions in the EGM to provide for the restructuring of the existing Mercer financing facility and/or if the capital markets remain challenging, there remains a risk that funding to advance the Company's technology will be difficult, although the Company importantly retains the support and backing of Mercer to achieve its immediate restructuring and refinancing plans.

Summary of cash flows

Imagion's cash balance as at 30 June 2024 was AU\$0.381 million, an increase of AU\$0.287 million from the prior quarter. The Company reported an operating cash outflow of AU\$0.016 million in the quarter. The adjusted operating outflows have decreased by AU\$0.126 million from the prior quarter due largely to the receipt of the ATO refund. The Company continues to carry a significant level of creditor obligations at the end of Q2 as it seeks further funding.

Payroll costs were reduced in Q2 2024 as the Company eliminated all direct employees as of April 30th.

The Company paid \$5250 to related parties and their associates during the quarter as fees for Mr. Proulx as Executive Director resumed in June. Fees for Mr. Mitchell since his appointment have been deferred to a later date pending the completion of a new financing round. All other directors have received no compensation.

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About Imagion Biosystems

Established in 2017 and headquartered in the 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 more information, visit <https://imaginationbiosystems.com/investor-hub/>

Authorisation & Additional information

This announcement was authorised by the Chairman of Imagion Biosystems Limited.

Media & Investor Relations:

Please email info@imaginationbio.com



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 June 24

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	334	1,028
1.2 Payments for		
(a) research and development	(116)	(157)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(301)	(995)
(f) administration and corporate costs	(399)	(557)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(2)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	465	492
1.8 Other (provide details if material)	-	32
1.9 Net cash from / (used in) operating activities	(16)	(158)
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 (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	83	83
	(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	83	83

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	220	220
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	220	220

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	94	227
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(16)	(158)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	83	83

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	220	220
4.5	Effect of movement in exchange rates on cash held	-	9
4.6	Cash and cash equivalents at end of period	381	381

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	381	94
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)	381	94

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	5
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A’000	Amount drawn at quarter end \$A’000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	15,000	3,720
7.4	Total financing facilities	15,000	3,720
7.5	Unused financing facilities available at quarter end	N/A	
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 \$11.28 million undrawn at quarter end, The remaining \$11.28 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. Given the lender’s floor price is now above the Company’s share price the Company does not anticipate drawing further on this facility in the short-term. 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)	(16)
8.2	Cash and cash equivalents at quarter end (item 4.6)	381
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	381
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	24
<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: The Company does not expect any material changes to the current level of operating cash outflows until such time as additional funding is secured.	
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: The Company references its announcement made on 17 July 2024, and subject to the shareholder approval, the Company will have sufficient cash to fund ongoing operations under the new facility.	

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: The Company will be able to continue its operations and meet its business objectives following the restructuring of the Mercer facility and shareholder approval together with ability to raise additional funds via the equity markets.

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 July 2024

Authorised by: By the Board of Imagion Biosystems Limited
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(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.