



ASX Announcement

## Medlab Clinical Appendix 4C and Business update – Q2 2022 MDC operating activities cashflow positive for this quarter

**SYDNEY, January 27, 2022** - Medlab Clinical Ltd (ASX: MDC) (Medlab, the Company), an Australian biotech using delivery platforms to enhance medicines effectiveness is pleased to provide a business update and quarterly cash flow report for the period ended 31 December 2021 (Q2 2022).

**Key Financial highlights** of the expenditure incurred on its business activities during the Dec quarter:

- **Positive net operating cash flows** for the quarter
- NanoCelle® technology validated in patents granted by Global Patent and Trademark Offices in 43 Countries
- Medlab **received \$3.2M in R&D cash rebates** and more note-worthy, circa **\$12M in pre-approved R&D rebates** by AUS Industry regulatory authority for outlined future expenses relating to NanaBis program.
- **Revenue at the ½ year is \$5.6M, an increase of 33%** over the same period last year.
- Cash position as at end of September was \$11.2M, sufficient cash and **significant global opportunities ahead for commercialisation revenue** to support future cash flow
- Estimated quarters of funding available (Item 8.5 in Appendix 4C) is N/A because of the positive operating cash flows result

### Business Operations Update

1. While the company's market cap position is below expectations, its principal assets are valued at well above market capitalisation. The principal assets **NanoCelle®** technology, **NanaBis™**, and **NanoCBD™** have attracted commercial interest from global pharmaceutical and Biotech companies.
2. **NanaBis™** (Investigative cannabinoid program for patients with cancer bone pain) which to date has shown significant strength in improving patient outcomes, with just over 1,000 Australian patients under clinical management we continue to **see positive signals** that demonstrate pain reduction and improvements in quality of life. Progress has been made in preparing the US FDA (Food and Drug Administration) application.
3. The final granting of **global patents** for **NanoCelle** in 43 countries ensures exclusivity and protection of intellectual property for 15 years. This achievement has seen particular interest from pharmaceutical companies, demonstrated by the very positive commercial prospects that emerged at the recent UK Jefferies Biotech Health Conference.
4. Under an accelerated regulatory model **NanoCBD™** would be approved for over-the-counter pharmacy sales. Advanced joint venture discussions are currently underway with key significant local distribution/manufacturing companies to expand the availability of **NanoCBD™**.
5. The establishment of joint ventures with both the **UNSW** and **Macquarie University** along with a government grant for preliminary research into **NanoCelle®** as a means of delivering RNA vaccines **nasally** is a considerable development in Medlab's penetration of the vaccine space.
6. The divestment via licensing of our AU nutraceutical business has enabled the company to concentrate on generating revenue from:
  - Licencing **NanoCelle®** technology
  - **NanaBis™** and **NanoCBD™** partnerships
  - **Nutritional products** internationally
7. The **NRGBiotic** mental health program has produced exceptional results with trial data showing a pathway to an improved formulation (under investigation now). The program was designed to elicit a far superior response by using **NRGBiotic** with an anti-depressant, as opposed to an anti-depressant alone. A timely result given the current focus on mental health issues associated with the COVID pandemic.
8. Commercial deal completed with The Cann Group, (ASX:CAN) whereby Medlab will charge a fee for service to educate and support physicians for selected Cann's cannabis products to complement the existing Medlab portfolio (NanaBis™ and NanoCBD™).

#### 4.7C.3 Ruling

Pursuant to ASX Listing Rule 4.7C.3, the Company advises that during the quarter, payments made to related parties and their associates in the aggregate amount of \$0.22M. As already noted in item 6 of Appendix 4C, these payments were for Director fees and wages, tax consultancy services by Hall Chadwick (Director-related entity of Mr Drew Townsend) and wages to related parties of Dr Sean Hall (CEO).

- ENDS -

#### Authorisation & Additional information

This announcement was authorised by the Board of Directors of Medlab Clinical Limited.

#### About Medlab Clinical:

Medlab Clinical LTD (ASX: MDC) is pioneering the development and Commercialisation of a delivery platform, allowing for enhanced medical properties, including increased efficacy, safety, patient compliance and stability.

Medlab's pipeline comprises several small and large molecules from repurposing generic medicines to enhancing the delivery of immunotherapies. Patented lead drug candidate NanaBis™ has been developed for cancer bone pain as a viable alternative to opioid use. Data to date, strongly suggests NanaBis™ may be equally effective in non-cancer neuropathic pain.

NanoCelle®, the patented delivery platform is wholly owned by Medlab and developed in Medlab's owned OGTR Registered Laboratory.

NanoCelle® is designed to address known medication problems, addressing global unmet medical needs. Medlab operates in Australia (Head Office), USA, and the UK.

For more information, please visit [www.medlab.co](http://www.medlab.co)

**Medlab** – *better medicines, better patient care*

#### For further information contact:

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## Appendix 4C

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

**Name of entity**

MEDLAB CLINICAL LIMITED

**ABN**

51 169 149 071

**Quarter ended ("current quarter")**

31 December 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,786	4,799
1.2 Payments for		
(a) research and development	(851)	(1,534)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(202)	(496)
(d) leased assets	(251)	(420)
(e) staff costs	(1,673)	(3,639)
(f) administration and corporate costs	(1,034)	(2,235)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	7
1.5 Interest and other costs of finance paid	(13)	(28)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	3,142	-
1.8 Other (provide details if material)		
(a) payments for inventory	(1,074)	(2,316)
(b) IP costs	(190)	(277)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>645</b>	<b>(2,997)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(4)	(6)
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	825	825
	(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	<b>Net cash from / (used in) investing activities</b>	<b>821</b>	<b>819</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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)	-	-
	(a) repayment of lease liability	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>0</b>	<b>0</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	9,750	13,432
4.2	Net cash from / (used in) operating activities (item 1.9 above)	645	(2,997)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	821	819
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	4	(35)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>11,220</b>	<b>11,220</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	11,220	9,750
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>11,220</b>	<b>9,750</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	216
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Director and associates fees/wages		

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	
7.2	Credit standby arrangements	-	
7.3	Banking facility	2,000	74
7.4	<b>Total financing facilities</b>	2,000	74
7.5	<b>Unused financing facilities available at quarter end</b>		1,926
7.6	<p>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.</p> <p>A debtor finance facility secured over debtors was established with Scottish Pacific Business Finance in November 2017 (renewed June 2021). The facility is over a 24-month term with a discount charge of 8.04% and is for \$2m and matures June 2022</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	645
8.2	Cash and cash equivalents at quarter end (item 4.6)	11,220
8.3	Unused finance facilities available at quarter end (item 7.5)	1,926
8.4	Total available funding (item 8.2 + item 8.3)	13,146
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
	<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.

Date: ..... **27<sup>th</sup> January 2022** .....

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.