



Quarterly Activity Report

Quarter ending 30 June 2023

A large, stylized white graphic on a blue background, consisting of several curved lines and a dot, resembling a stylized 'i' or a brain scan pattern.

IMAGION BIOSYSTEMS LIMITED

(ASX: IBX)

31 July 2023

Highlights:



MagSense® HER2
Phase 1 Study achieves
enrolment target



Expands collaboration with
Siemens Healthineers



Dr. Isaac Bright
appointed as CEO

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 June 2023 (Q2 FY2023).





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“We are delighted with how our MagSense® HER2 breast cancer imaging technology is progressing and with having achieved our enrollment target for the Phase 1 study,” commented Imagination’s recently appointed CEO, Dr. Isaac Bright. “Our clinical data to-date supports our vision that our targeted nanoparticle technology has the potential to change how MRI can be used to specifically detect cancer.”

Dr. Bright continues, “Our valuable collaboration with Siemens Healthineers has been expanded to include Siemens’ U.S. team in anticipation of Imagination undertaking a multi-site Phase 2 study for the MagSense® HER2 imaging agent. I look forward to the second half of 2023 as we focus on preparing for the multi-site Phase 2 study in the U.S. as we conclude the Phase 1 study.”

Summary of Activities

MagSense® HER2 Phase 1 Study achieves enrolment target

During the quarter, Imagination's MagSense® HER2 imaging agent Phase 1 study (IBI10103) achieved its enrolment target with 13 patients enrolled, meeting the original goal of 10-15 patients. The Company initiated its plans to close the study as was indicated at the Company's AGM held on 25 May 2023.

This was a great achievement for Imagination in its first clinical study, whilst recruitment was challenging, the Phase 1 study was a success, as MagSense® HER2 has been well-tolerated and the results are easily interpretable by radiologists. The Company is now well positioned to move ahead with the MagSense® HER2 breast cancer program. The Phase 1 study has been instrumental in revealing the potential clinical utility of the MagSense® HER2 Imaging Agent and confirms that the Company's targeted nanoparticle technology has the potential to expand MRI utilization with molecular resolution in the detection of cancer.

Results of the study will be published in due course and the Company will use the data in support of an Investigational New Drug (IND) application submission to the US FDA expected late this year or the beginning of 2024.



Expands collaboration with Siemens Healthineers to United States

Imagion extended its collaboration agreement with Siemens Healthineers for an additional two years, during the quarter in anticipation of Imagion undertaking a multi-site Phase 2 study for the MagSense® HER2 imaging agent. The companies have also agreed to collaborate in the United States through Siemens Medical Solutions USA.

The collaboration allows Siemens to provide expertise to Imagion as they work together with Imagion's clinical advisors and investigators to optimize the Magnetic Resonance Imaging (MRI) protocols in anticipation of Imagion's MagSense® clinical studies and provide technical support to clinical sites.

The collaboration in place for the MagSense® Phase 1 study in Australia has been very valuable and is expected to continue now in this expanded capacity in the United States.

Dr. Isaac Bright appointed as CEO



Dr. Isaac Bright was appointed as CEO of Imagion in June. Dr. Bright brings over 20 years of experience as a health industry executive and venture capitalist in medical technology, biopharmaceuticals, and oncology-based molecular diagnostics.

This is an exciting new phase for Imagion and Dr. Bright's track record in strategic partnering, financing and M&A are well suited to support the Company's vision and drive the next chapter in Imagion's growth.

Dr. Bright's appointment followed the retirement of Bob Proulx as CEO, with Mr. Proulx remaining as Chairman of the Board.



Funding initiatives

In June 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.

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

In April 2023, Imagion received \$413k as proceeds from its entitlement offer that was opened in March 2023. The shortfall, of \$1.97 million, was placed subsequent to quarter end on 14 July 2023.

Summary of Cash Flow

Imagion's cash balance at 30 June 2023 was \$0.45 million, a decrease of \$4.0 million from the prior quarter. The Company reported an operating cash outflow of \$3.1 million in the quarter, slightly higher than the prior quarter's operating cash outflow. This was in line with the Company's expectations.

Increased research & development outflows (\$1.3 million outflow in Q2 compared to \$839k in Q1) were partially offset by an increase in receipts from customers (\$392k received in Q2 compared to \$85k received in Q1). Other costs remain relatively consistent to the prior quarter.



We anticipate administration and corporate costs to remain relatively consistent compared to current run-rate through the remainder of 2023. Research and development costs are expected to increase during the remainder of 2023 as the MagSense® HER2 Breast Cancer program progresses towards an IND filing and undertakes activities outlined above. In addition, the Company will also be planning to advance its development pipeline, and therefore this may add to research and development expenditures.

Receipts from customers are expected to reduce back to Q1 levels as some recent larger customer orders have been filled.

In relation to liquidity the Company anticipates receiving up to \$5.47 million from the following financing proceeds in Q3 2023: receipt of \$1.97 million under the shortfall associated with the entitlement offer (this has already been received subsequent to quarter end); and receipt of its research and development tax incentive in respect of the 2022 year which is anticipated to be \$3.5 million (this has been lodged with the Australian Taxation Office and although was expected in Q2 2023 it has taken longer than anticipated due to a standard pre-release review being conducted by the Australian Taxation Office).

The Company also paid \$153k to related parties and their associates. These payments are related to director fees and executive director salaries.

About Imagion Biosystems

Imagion Biosystems is developing a new non-radioactive and precision diagnostic molecular imaging technology. Combining biotechnology and nanotechnology, the Company aims to detect cancer and other diseases earlier and with higher specificity than is currently possible. Imagion Biosystems listed on the Australian Securities Exchange (ASX) in June 2017.

For further information please visit www.imagionbiosystems.com

Authorisation & Additional information

This announcement was authorised by the Board of Directors of Imagion Biosystems Limited

U.S. Media Contact:

Casie Ost

Casie.ost@imagionbio.com

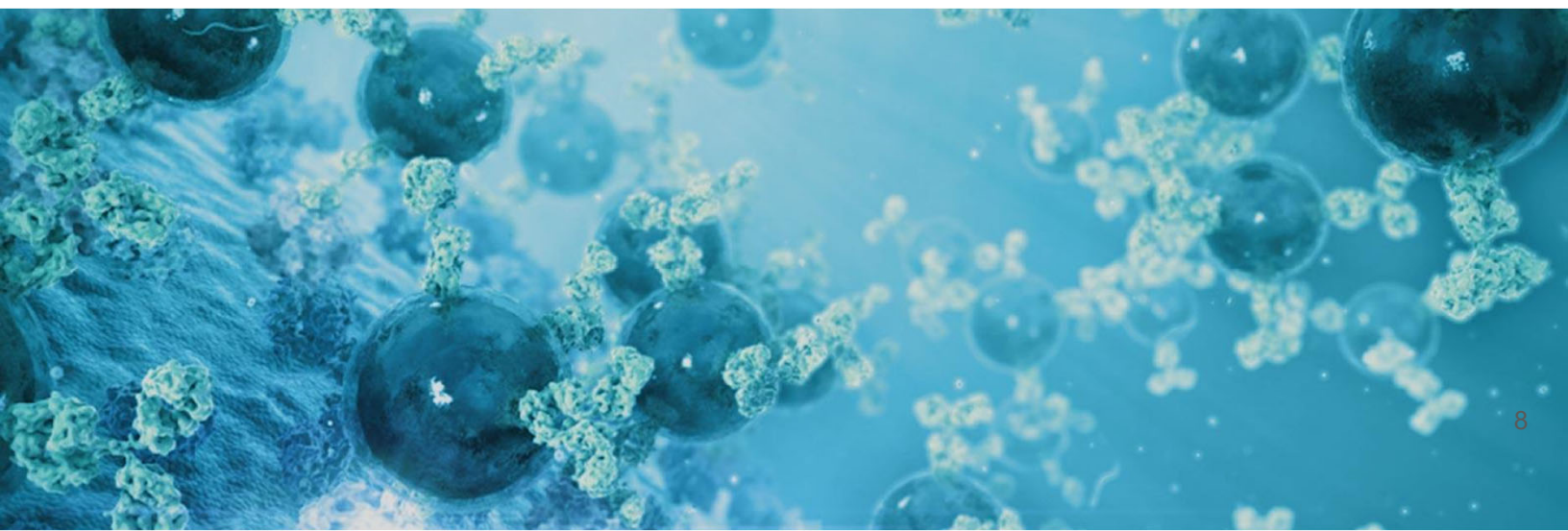
+1-619-693-4428

Australian Media & Investor Relations:

WE Communications

We-AUImagionBiosystems@we-worldwide.com

+61 (0) 450648064



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 2023

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		392	478
1.2 Payments for			
(a) research and development		(1,310)	(2,149)
(b) product manufacturing and operating costs		-	-
(c) advertising and marketing		(23)	(114)
(d) leased assets		-	-
(e) staff costs		(1,493)	(2,986)
(f) administration and corporate costs		(696)	(1,282)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		7	16
1.5 Interest and other costs of finance paid		(40)	(81)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		58	99
1.9 Net cash from / (used in) operating activities		(3,103)	(6,020)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(17)	(24)
(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	-	-
	(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	(17)	(24)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	413	413
3.2	Proceeds from issue of convertible debt securities	1,000	2,500
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(166)	(343)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(242)	(548)
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	1,004	2,022

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,563	4,446
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,103)	(6,020)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(17)	(24)

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)	1,004	2,022
4.5	Effect of movement in exchange rates on cash held	6	29
4.6	Cash and cash equivalents at end of period	454	454

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	454	2,563
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)	454	2,563

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	153
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 <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	2,500
7.4	Total financing facilities	15,000	2,500
7.5	Unused financing facilities available at quarter end		12,500
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>The Company has a \$15 million convertible note facility with \$12.5 million undrawn at quarter end. \$1.0 million was drawn during the quarter, with total drawn of \$2.5 million. The remaining \$12.5 million is approved for drawdown by shareholders (at the Company's 25 May 2023 AGM) for a period of three months until 25 August 2023 and is then subject to shareholder approval and/or 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.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,103)
8.2	Cash and cash equivalents at quarter end (item 4.6)	454
8.3	Unused finance facilities available at quarter end (item 7.5)	12,500
8.4	Total available funding (item 8.2 + item 8.3)	12,954
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.2
	<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

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.

31 July 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.