



12 April 2022

ASX: MEM

MARCH 2022 QUARTERLY ACTIVITY REPORT AND APPENDIX 4C – MEMPHASYS LIMITED (ASX: MEM)

Memphasys Limited ('Memphasys' or the 'Company') is pleased to provide its Appendix 4C cash flow statement for the quarter ended 31 March 2022 ('Q3'), along with the following update.

Business activities in the March Quarter (Q3)

Memphasys is focused on reproductive biotechnology and proprietary cell separation technologies. It is developing novel medical devices, diagnostics, and media with application to assisted reproduction technologies in humans and animals.

The Company is commercialising the Felix™ device, which separates high quality sperm for IVF processes. In addition, it has several research and development (R&D) projects being undertaken at the University of Newcastle, Australia.

There was no change in the activities of the Company during Q3.

The second instalment of the cash reimbursement from Hydrix Ltd, amounting to \$125,000, was received in the March quarter.

The Company spent 72% less than the prior quarter on R&D projects mainly due to instalments relating to research agreements with the University of Newcastle not being payable in Q3. Staff and consultant costs slightly increased by 9% from the prior quarter mainly due to a cash bonus of \$5,000 paid in January to each of its five consultants for outperformance of their work for the Company.

Administration and Corporate costs increased by 4% over the prior quarter. These costs include payment of non-executive director fees for a total of \$37,500. Staff costs include salaries of \$87,500 and a cash bonus of \$5,000 paid to the Executive Chairman.

Material Developments

During Q3 Memphasys continued making material progress on many aspects of the business, which were presented by the Executive Chairman at the Pitt Street Research conference on 3 March 2022 (presentation released to the market on the same day). A significant milestone for the Company was commencement of clinical trials for the Felix™ device, which is anticipated to finish within calendar year 2022.

On 14 March 2022, the Company announced that received the initial ISO 13485 ISO certification, international accreditation for its Quality Management System to provide medical devices and related services to meet customer and applicable regulatory requirements.

On 22 March 2022, Memphasys announced the Samson stallion fertility diagnostic device accurately predicted pregnancy in mares in field trials. The Company is to develop and integrate a production prototype of the Samson device for field testing in the 2022 Australian breeding season.

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On 30 March 2022, Memphasys announced that it completed follow-up sales of a batch of cartridges for commercial purposes to the Coimbatore Womens Hospital Centre in India, and a Felix™ System (device and cartridges) for research purposes to Diagens Biotechnology Company Ltd (Diagens) in China. The Company also reported that it is closely working with Diagens on the application for a fast track “Green Channel” regulatory path for Felix™ to be sold in the Chinese market. Although the quantum of these sales is not material, this repeat clinical order validates Memphasys business model of recurring cartridge sales and is a significant milestone reached by the Company.

This announcement was approved by the Board of Memphasys.

For further information, please contact:

Memphasys Limited
Alison Coutts
Executive Chairman
(02) 8415-7300

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Appendix 4C

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

Name of entity

Memphasys Limited

ABN

33 120 047 556

Quarter ended ("current quarter")

31 March 2022

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	14	14
1.2 Payments for		
(a) research and development	(148)	(939)
(b) product manufacturing and operating costs	(75)	(239)
(c) advertising and marketing	(10)	(30)
(d) leased assets	(44)	(137)
(e) staff costs	(525)	(1,491)
(f) administration and corporate costs	(234)	(802)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,380
1.8 Other (first instalment reimbursement amount received from Hydrix)	125	250
1.9 Net cash from / (used in) operating activities	(897)	(1,993)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(3)
(d) investments	-	-
(e) intellectual property	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(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	(2)	(3)
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	-	-
3.3	Proceeds from exercise of options	-	1,076
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(31)
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	-	1,045
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,951	2,003
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(897)	(1,993)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(3)

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)	-	1,045
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,052	1,052

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	1,052	1,951
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)	1,052	1,951

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	130
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. 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)	-	-
7.4 Total financing facilities	-	-
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(897)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,052
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,052
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.17
<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: Yes, the entity expects to continue to develop its portfolio of products at a similar rate of spending.	
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 is exploring a variety of fundraising options with the support of external advisers and are progressing discussions on an appropriate funding package for the Company to provide long-term funding certainty and limit dilution to existing shareholders. The Company will update the market on this funding package in the June 2022 quarter.	

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 to 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 outlined in 8.6.2. The Company has the support of its longstanding corporate advisor and major shareholders and expects to be in a position to finalise a longer-term funding package.

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: 12 April 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.