28 April 2023; ASX:MEM

MARCH 2023 QUARTERLY ACTIVITY REPORT AND APPENDIX 4C – MEMPHASYS LIMITED (ASX: MEM)

Memphasys Limited (ASX:MEM) is a reproductive biotechnology company developing novel medical devices, diagnostics, and media with application to assisted reproduction technology (ART) in humans and animals. MEM is prioritising projects with the highest commercial return and on this basis, the current top three projects are the Felix™, ROSA and AI-Port. Memphasys is pleased to provide its Appendix 4C cash flow statement for the quarter ended 31 March 2023 (Q3), along with the following update.

BUSINESS ACTIVITIES IN THE MARCH QUARTER (Q3)

There was no change in the activities of the Company during the March 2023 quarter. Administration and Corporate costs included the payment of non-executive director fees for a total of $50,052; and salaries and super of $90,002, paid to MEM's Managing Director and Chief Executive Officer, Ms. Alison Coutts.

MATERIAL DEVELOPMENTS

MEM reported the following material developments for Q3 2023.

HALF YEAR REPORT

MEM released its *Half Yearly Report and Accounts* to December 2023.

KEY APPOINTMENTS

Dr David Ali was appointed to the role of Director of Business Development. The appointment will enhance MEM's business development and sales capabilities as the company moves key products into the commercialisation phase, building key relationships with distributors, KOLs and regulatory bodies across target markets. Dr Ali has more than 40 years of experience in medical management, business development, and sales and marketing for pharmaceutical, medical device and diagnostic companies in human and animal reproduction.

Associate Professor Hassan Bakos was appointed to the role of Director of Operations. The new role will oversee the development and implementation of company strategy and product commercialisation processes. He will also oversee the Felix™ clinical trials, provide input into Felix™ sales and the development of next generation Felix™. Associate Professor Bakos joins MEM from Monash IVF where he was a major contributor to the design, execution and coordination of Felix™ clinical trials with Monash IVF.

KEY OPINION LEADER (KOL) RESEARCH PUBLICATIONS

Felix™ was endorsed by the first two studies published by MEM's KOL partners. Both studies found Felix™ outperformed conventional density gradient centrifugation (DGC), the most common sperm preparation method for IVF procedures globally. The two articles were published in the globally significant research journals of *Andrology* and the *Journal of Assisted Reproduction and Genetics* respectively.

The generation of peer-reviewed evidence is essential to gain credibility in the wider scientific and clinical community.

PRODUCT PIPELINE

The Felix™ System

Felix™ is a patented, automated device for quickly separating high quality sperm from semen for use in human IVF procedures without causing damage to DNA. Felix™ has a sizable target market worldwide.

Memphasys Limited
30-32 Richmond Road
Homebush West, NSW 2140

Postal Address
P.O. Box 2202
Homebush West, NSW 2140

Contact Details
P +612 8415 7300

E info@memphasys.com
W memphasys.com
ABN 33 120 047 556

Pathway to market

India

The Coimbatore Women's Hospital welcomed the first live birth of a baby using Felix™. Notably, the IVF clinic has been predominantly using the Felix device to process sperm with highly fragmented DNA levels, which is a major factor for infertility.

MEM formally appointed an Indian-based regulatory adviser, who works with several major global multi-nationals with substantial businesses in India. In consultation with its adviser on new regulatory changes to the medical device industry in India, MEM further investigated the merit of various key opportunities to manufacture Felix™ in India, an approach that is also likely to reduce production costs, negate import duties and agent fees and potentially expedite the regulatory process for enabling further Felix™ sales in India.

China

The outcome of the two applications, on device classification and potential fast track regulatory approval, to China's regulatory authority, the National Medical Products Administration (NMPA) is pending.

Japan

MEM made its first commercial sale of 30 sterile single-use Felix™ cartridges and a console to the prestigious Kobe ART Clinic in Japan. Following last year's introduction of a new IVF reimbursement scheme in Japan, MEM has chosen to work exclusively with Japan's substantial private clinical market that only treats self-funded patients.

Australia

As a result of the initiatives undertaken last year, MEM and Monash IVF (MVF) began to see an improved uptake in patients participating in Felix™ trial. The results of the MVF clinical trial will be filed with the Therapeutic Goods Administration in Australia to support MEM's application to sell Felix™ domestically and potentially in other jurisdictions.

MEM'S NOVEL REPRODUCTIVE BIOTECHNOLOGY PRODUCTS

ROSA (Rapid Oxidative Stress Assay)

ROSA is an *in vitro* diagnostic that assesses semen and blood samples for the presence of oxidative stress. Oxidative stress is an underlying factor in many diseases including Alzheimer's disease, diabetes, heart disease, infertility and many pregnancy complications.

Pathway to market

ROSA's pathway to market is divided into three distinct time frames:

- Short-term focus: reproductive science research market
- Medium-term focus: human fertility clinical market
- Potential long-term focus: broad assessment and monitoring in both humans and animals

MEM migrated ROSA from the product development stage to the commercialisation stage with the design and build of 'Go-to-Market' ROSA product. MEM also applied for a patent for ROSA, which is pending.

AI-Port

AI-Port stores and transports animal semen for artificial insemination (AI) for up to four days without the harmful effects of freezing sperm used in standard AI procedures in livestock.

Pathway to market

MEM completed the development of the AI-Port prototype and medium, which are now ready for an initial field trial scheduled for April 2023. The technical challenge will be to mitigate inherent seminal fluid toxicity to sperm.

The Samson™ System

The Samson™ System (Samson™) is a diagnostic device developed to evaluate the fertility of thoroughbred stallions shortly after inseminating a mare.

MEM concluded the findings from successive field trials in Q2 2023 did not warrant progressing Samson to commercialisation stage and MEM has therefore discontinued its development.

For further information, please contact:

Ms. Alison Coutts
Managing Director and Chief Executive Officer- Memphasys Limited
Tel: +61 2 8415-7300

Appendix 4C

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

Name of entity	
Memphasys Limited	
ABN	**Quarter ended ("current quarter")**
33 120 047 556	31 March 2023

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	4	8
1.2	Payments for		
	(a) research and development	(246)	(1,006)
	(b) product manufacturing and operating costs	(65)	(204)
	(c) advertising and marketing	(12)	(46)
	(d) leased assets	(85)	(177)
	(e) staff costs	(409)	(1,349)
	(f) administration and corporate costs	(222)	(868)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	10
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	1,504
1.8	Other	3	3
1.9	**Net cash from / (used in) operating activities**	**(1,027)**	**(2,125)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(39)	(117)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 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**	**(39)**	**(117)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,360
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	-	(283)
3.5	Proceeds from borrowings	-	440
3.6	Repayment of borrowings	-	(515)
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**	**-**	**3,002**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	**2,095**	**269**
4.2	Net cash from / (used in) operating activities (item 1.9 above)	**(1,027)**	**(2,125)**
4.3	Net cash from / (used in) investing activities (item 2.6 above)	**(39)**	**(117)**

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)	-	3,002
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,029**	**1,029**

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	1,029	2,095
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)**	**1,029**	**2,095**

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	140
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** *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	-	-
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)	**(1,027)**
8.2	Cash and cash equivalents at quarter end (item 4.6)	**1,029**
8.3	Unused finance facilities available at quarter end (item 7.5)	**-**
8.4	Total available funding (item 8.2 + item 8.3)	**1,029**
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	**1**

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.

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. We expect the rate of spending to increase by around 70% in the June 2023 quarter, in part due to an increase in overheads from recruitment of a business development and an operations director, but mostly due to increase in product development activities including Felix cartridge production being set up in India, the progress on the pathways to obtain regulatory approval for the Felix™ system to be marketed in India and China and the development of the ROSA prototype.

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: Yes. The Company plans to secure a loan against the 2023 R&D tax refund and a director loan to remain fully funded through to the end of the current financial year. The Company will continue planning for the next capital raising which is expected to be carried out in the first half of the 2024 financial year, after making further anticipated progress on key programs and commercialisation activities.

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).

The Company has the support of its longstanding corporate advisor, which has successfully raised funds for Memphasys several times in the past four years, and from major shareholders.

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: 28 April 2023

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.