ASX Announcement 31 January 2025
Optiscan Imaging Ltd (ASX:OIL)

APPENDIX 4C
QUARTERLY ACTIVITIES & CASHFLOW REPORT
QUARTER ENDED 31 DECEMBER 2024

Optiscan Imaging Limited (ASX:OIL) ('**Optiscan**' or the '**Company**'), a leader in medical imaging using confocal laser endomicroscopy, is pleased to announce its Appendix 4C Quarterly Cashflow report and business update for the quarter ended 31 December 2024 (the **'Quarter'**). All financial results are in Australian dollars and are unaudited.

Highlights for the Quarter

- Product development and clinical pipeline achievements over the Quarter included:
  - The signing of a Collaborative Research Agreement with the University of Minnesota College of Veterinary Medicine
  - The development of a dedicated veterinary imaging product was commenced
  - The signing of an agreement with Monash University to develop AI technology solutions for gastroenterology imaging
  - The completion of key CRC-P grant milestones, securing additional $0.398m of funding.
- In a key equipment deliverable, Optiscan provided the first flexible GI scope prototype to University Medical Centre of the Johannes Gutenberg University Mainz for evaluation.
- Substantial progress made on the InVue® product development, with delivery on track to support the clinical evidence generation programs at the Royal Melbourne Hospital and Mayo Clinic.
- Delivery of a ViewnVivo® system to China-based distribution partner following a sale to a large Chinese university; Increased Business Development activities resulted in two ViewnVivo® funding applications in China; Quotes for ViewnVivo® sale issued to two Tier 1 research universities in the US.
- Multiple brand awareness initiatives also occurred over the Quarter including attendance at American College of Veterinary Pathologists and American College of Veterinary Surgeons meetings.

Optiscan's Chief Executive Officer and Managing Director, Dr. Camile Farah, commented:

"Optiscan enjoyed a highly successful December 2024 quarter, as it continued to advance its core priorities that cut across R&D, commercialization, and market expansion, headlined by the achievement of multiple

milestones that position the Company for sustained growth. Key highlights over the Quarter were delivery of our first flexible GI scope prototype to University Medical Centre of the Johannes Gutenberg University Mainz for evaluation and the signing of a Collaborative Research Agreement with the University of Minnesota College of Veterinary Medicine for veterinary imaging applications. At the same time, our team substantially progressed the Company's InVue® product development program, delivered a ViewnVivo® system to China-based distribution partner, and pulled out all stops to bolster market awareness of Optiscan's expanding MedTech offering.

These accomplishments reflect our commitment to innovation, not only in addressing immediate market needs but also in laying the foundation for long-term leadership in precision imaging. By focusing on strategic partnerships and transformative technologies, we are building a future where Optiscan's solutions redefine standards in healthcare and research, delivering lasting value for the medical community, patients, and our shareholders."

Product Development Pipeline and Clinical Studies Further Progressed

Mayo Clinic Collaboration Moves Forward

Optiscan transitioned from conceptual discussions to specific design refinements for confocal probes intended for robotic surgical systems. This collaboration now includes iterative testing and feedback cycles with Mayo Clinic surgeons, ensuring that the designs align seamlessly with real-world surgical workflows. Formal detailed design work will commence in Q3 FY25, laying the foundation for prototype development.

Enhancing Device Utility

Following a comprehensive review of sterilisation protocols, Optiscan finalized key sterilisation methodologies for its devices, addressing a variety of clinical settings and operational needs. This validation step significantly broadens the potential applicability of the InVue® and InVivage® investigational systems, and is a key step in progressing clinical deployment of investigational products and data collection, in addition to potential future commercial opportunities.

Advancing Clinical Trials

Manufacture of the InVue® system required for the Royal Melbourne Hospital Breast Cancer Study was completed during the Quarter. Patient recruitment is now confirmed to commence in Q3 FY25. This early-stage data will shape protocols for expanded trials planned for the US beyond the June 2025 quarter (Q4 FY25), pending FDA approvals.

Pathology Product Nearing Completion

Substantial enhancements to Optiscan's pathology laboratory device, a groundbreaking alternative to frozen section biopsy, were finalized in the Quarter. The device's unveiling is scheduled for Q3 FY25, targeting applications in the lucrative diagnostic tissue pathology market.

GI Endomicroscope Breakthroughs

A clinical flexible endomicroscope prototype was completed and delivered to University Mainz Hospital for evaluation. This milestone under the CRC-P grant underscores significant progress in integrating advanced scanning technology into flexible probes. Testing with Professor Ralf Kiesslich's team in Germany will begin

in Q3 FY25, generating pivotal clinical and product design insights for the next generation of the Company's flexible endomicroscopes, and allowing generation of data for development of AI algorithms with Monash University under the CRC-P grant agreement.

Telepathology Platform Refinements

Optiscan advanced the Minimum Viable Product (MVP) phase of its cloud-based telepathology streaming platform by integrating robust features such as remote session management and automated report generation. Clinical devices were updated to ensure seamless compatibility with the platform, facilitating efficient workflows for remote users, and potentially facilitating collection of clinical data from study sites locally and abroad. Comprehensive testing continues to fine-tune performance, with the project on track for Q3 FY25 completion.

FDA Pathway for InVue® and InVivage®

Compilation of the US Food & Drug Administration (FDA) pre-submission package progressed incorporating input from prior FDA interactions and expertise from regulatory consultants. Lodgement is planned in early Q3 FY25 with a formal meeting towards the end of that quarter which will provide clarification on the regulatory pathways for InVue® and InVivage®.

Expansion into Veterinary Medicine Market

Optiscan's strategic focus on the veterinary medicine market advanced significantly during the Quarter, with progress achieved across multiple fronts:

Collaborative Research Agreement with University of Minnesota

Optiscan formalized its partnership with the University of Minnesota College of Veterinary Medicine through a Collaborative Research Agreement (see the ASX announcement dated 18 November 2024). This collaboration aims to explore clinical applications of confocal imaging technology in companion animals, particularly in cancer diagnostics, and supports the development of innovative veterinary imaging solutions.

Development of Dedicated Veterinary Imaging Device

Optiscan commenced the design and development of a dedicated veterinary imaging device tailored to the specific needs of the veterinary market. This device is planned for unveiling in early FY26 and will integrate Optiscan's high-resolution imaging technology for real-time diagnostic applications in veterinary medicine.

Market Entry Activities

Optiscan advanced its go-to-market strategy collaborating with key veterinary sector experts in developing and validating the company's plan. Optiscan attended the American College of Veterinary Pathologists (ACVP) and American College of Veterinary Surgeons (ACVS) meetings. These events facilitated valuable discussions with potential collaborators and customers, and several business development opportunities are now being actively pursued in the veterinary research space. This soft market entry strategy builds foundational relationships and lays the groundwork for adoption across various veterinary applications.

Market Opportunity

The veterinary medicine market represents a significant growth opportunity, with the U.S. market alone valued at approximately USD $11.92 billion in 2022 and projected to grow at a CAGR of 8.7% through 2030. By addressing the unmet needs in companion animal care, Optiscan's innovative imaging solutions are poised to unlock new revenue streams for the Company and deliver long-term shareholder value.

Optiscan remains committed to leveraging its core imaging technology to expand into new markets, with the veterinary segment forming a critical pillar of its growth strategy.

Sales Pipeline Builds on Marketing Strategy Milestones

Building on the prior quarter's increase in Business Development activities in the pre-clinical imaging market with the ViewnVivo®, the Quarter saw continued growth in sales pipeline development, particularly in the U.S.

United States

As disclosed above, Optiscan's Business Development team attended both the ACVP and ACVS conferences in Seattle and Phoenix respectively resulting in several tangible Business Development outcomes, and a request for a pre-purchase evaluation of the ViewnVivo® by a leading academic research institution to support several grant funding applications.

Quotes for sale of the ViewnVivo® have been issued to two tier 1 research institutions, with additional leads expected to move to the quoting stage in Q3 FY25.

Optiscan exhibited at the American Association of Cell Biology Conference "CellBio" in San Diego in mid-December 2024. Conversations with several interested parties will recommence in early calendar 2025. The conference provided an opportunity to conduct a poster presentation encapsulating the work Dr Emma Gill et al. in developing a "*Protocol for in vitro imaging of 4D cell culture using confocal endomicroscopy*". The research conducted at Swinburne University was also featured in a video release during the Quarter demonstrating the utility of the ViewnVivo® in cell culture imaging.

During the Quarter the U.S sales pipeline value grew by $0.75m, on a weighted/probability adjusted basis.

Europe

Business development efforts in Europe remained focused on nurturing existing leads while expanding the sales pipeline with new opportunities. Several discussions were held with oncology research institutions and in vivo imaging facilities, aligning with Optiscan's target customer profile in the pre-clinical research space. These engagements are expected to contribute to pipeline growth and long-term market presence in the region.

China

The Quarter saw the delivery of an additional ViewnVivo® system to a large academic institution, following a sale in the prior quarter through a Chinese distribution partner.

Two funding applications for purchases of the ViewnVivo® for pre-clinical research applications were submitted by two separate institutions in October 2024. The outcomes of the funding applications are expected in Q3 FY25 and Q1 FY26, and if successful, these funding applications will be followed by mandatory public tender processes, illustrating the long sales cycle for research capital equipment purchase decisions.

Marketing, Communications & Public Relations Initiatives

Optiscan continued its active engagement with media, investors, and key industry stakeholders to enhance its public profile and communicate its strategic objectives. These efforts included high-profile interviews, conference presentations, and contributions to national discussions on biotech and MedTech innovation.

Dr Camile Farah, Optiscan's CEO and Managing Director, conducted several key interviews and presentations to discuss the Company's technology, commercial opportunities, and vision for the future, and participated in pivotal industry discussions. Notable initiatives included:

- Interview with Alan Kohler from Intelligent Investor: Focused on Optiscan's role in advancing imaging solutions for cancer diagnostics.
- Presentation at the Stocks on Track event: Highlighted the Company's strategic roadmap and R&D progress.
- Presentation at the ASX Gems Conference: Provided insights into Optiscan's innovative technology and growth trajectory.
- Mayo Clinic Beahrs Surgical Innovation Summit: Dr. Farah participated as a panellist, engaging in discussions on transformative healthcare innovations at this invitation-only event.
- National Biotech and Commercialisation Summit: Dr. Farah contributed to discussions which resulted in a joint communiqué and white paper aimed at advancing Australia's BioTech and MedTech sectors, with a particular focus on improving the development pipeline.

People & Culture

The Quarter saw the team welcome a highly experienced Mechanical Engineer, Mr Anders Knudtzen whose expertise gained at companies such as Agilent, Varian, Bosch and Honda, will play a critical role in advancing key R&D projects, including the development of new imaging solutions and device enhancements.

Optiscan also secured additional external resources to provide specialised support in R&D, Regulatory Affairs, Project Management and application-specific clinical and commercialisation expertise. These engagements have been instrumental in progressing initiatives in robotic surgery and the veterinary imaging market.

These investments reflect Optiscan's commitment to building a robust and highly skilled team, positioning the Company to achieve its strategic goals and deliver innovative solutions across its target markets.

Corporate Update and Outlook

Building on the achievements of the Quarter and entering the second half of FY25, Optiscan remains firmly on track to deliver on its strategic priorities for R&D and clinical advancements, as outlined during its FY24 Annual General Meeting.

The Company's continued investment in R&D, totalling $1.3m for the Quarter, underscores its commitment to advancing multiple parallel projects. Key focus areas include Surgical (InVue®), Pathology (to be unveiled next quarter), gastrointestinal (in development), Telepathology (MVP nearing completion), and Robotics (in prototyping), each of which are progressing toward important milestones.

To support these efforts, Optiscan received a $0.398m grant payment from the Australian government as part of its $3m Cooperative Research Centres Projects (CRC-P) project for the development of an Edge-AI-enabled gastrointestinal flexible endomicroscope. Optiscan's timely receipt of the full eligible amount is a testament to the team's ability to deliver on its R&D program and commitments.

Additionally, the Company secured an Advance Overseas Finding through AusIndustry. This allows Optiscan to claim R&D tax incentives on eligible overseas costs, providing rebates exceeding $0.5m annually with respect to FY24 and beyond, depending on eligible expenditures.

Receipts from customers in the Quarter amounted to $0.379m. The year-to-date total for the half-year received from customers was $1m, which represents an increase of $0.424m (72%) compared to last year. This increase is mainly due to cash receipts from Carl Zeiss Meditec and the China distributor of the ViewnVivo®. These receipts contributed to the cash balance at the end of the Quarter, which stood at $7.28m.

Optiscan's management remains focused on achieving its ambitious targets for the year. These efforts are designed to propel the Company into its next phase of growth, delivering innovative imaging solutions that create value for both the medical community and shareholders.

Note: All related party payments noted in Section 6 of the accompanying Appendix 4C during the Quarter relate to the payment of executive and non-executive director's fees, salaries and superannuation payments.

– ends –

This announcement has been authorised for release by the Board of Optiscan.

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About Optiscan

Optiscan Imaging Ltd (ASX:OIL) is a commercial stage medical technology company creating a suite of digital pathology and precision surgery hardware and software solutions that enable live optical biopsy for life sciences, diagnostic and surgical applications. Optiscan pioneered the development and manufacturing of miniaturised digital endomicroscopes with spatial resolution more than 1000x that of medical CT and MRI.

Using a revolutionary "tissue contact" method, Optiscan's patented technology produces super high-resolution digital pathology images for cancer diagnosis and surgical treatment, to unlock real-time insights during surgery, diagnostics, and pre-clinical research. By enabling live, non-destructive, 3D, in-vivo digital imaging at the single-cell level, Optiscan's technology supports earlier disease detection, precision treatment, and improved patient outcomes across a wide selection of clinical applications and settings.

The global addressable market for Optiscan's medical imaging technology extends beyond traditional surgery and pathology, to also encompass the fast-growing digital health market including robotic surgery. With an expanding product suite and increased demand for digital health solutions, Optiscan is uniquely positioned to bridge the gap between surgery and pathology and deliver better outcomes for healthcare professionals and their patients.

To learn more about Optiscan, visit www.optiscan.com or follow us on LinkedIn, X or Instagram.

Disclaimer

All statements other than statements of historical fact included on this announcement including, without limitation, statements regarding future plans and objectives of Optiscan or any of the other parties referred to herein, are forward-looking statements. Forward-looking statements can be identified by words such as 'anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Optiscan that could cause actual results to differ from the results expressed or anticipated in these statements.

Appendix 4C

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

Name of entity

OPTISCAN IMAGING LIMITED

ABN	**Quarter ended ("current quarter")**
81 077 771 987	31 DECEMBER 2024

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	379	1,017
1.2	Payments for		
	(a) research and development	(1,312)	(2,561)
	(b) product manufacturing and operating costs	(310)	(720)
	(c) advertising and marketing	(62)	(155)
	(d) leased assets	-	-
	(e) staff costs	(825)	(1,625)
	(f) administration and corporate costs	(128)	(326)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	179	236
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(10)	(29)
1.7	Government grants and tax incentives	398	398
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,691)**	**(3,765)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(11)	(12)
	(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 (term deposits > 3 months maturity)	5,131	5,141
2.6	**Net cash from / (used in) investing activities**	**5,120**	**5,129**

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	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(32)	(73)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (payments for lease liabilities)	(58)	(116)
3.10	**Net cash from / (used in) financing activities**	**(90)**	**(189)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,929	6,102
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,691)	(3,765)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	5,120	5,129

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)	(90)	(189)
4.5	Effect of movement in exchange rates on cash held	12	3
4.6	**Cash and cash equivalents at end of period**	**7,280**	**7,280**

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	4,280	1,929
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (short-term deposit)	3,000	2,000
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**7,280**	**3,929**

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	(291)
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.

N/A

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,691)
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,280
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	7,280
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	4.3

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:

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:

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:

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 January 2025

Date: .....

The Board of Directors

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.