

Transformative Progress and Strategic Expansion: Memphasys' Path to Global Leadership

DECEMBER 2024 QUARTERLY ACTIVITY REPORT AND APPENDIX 4C

Memphasys Limited (ASX: MEM), a pioneering biotechnology company, continues to advance its mission to revolutionise reproductive health through innovative technologies for both human and animal applications. The December quarter saw significant milestones achieved, highlighting the commercial potential of its product portfolio and the strategic partnerships driving its global expansion.

Key Highlights

Felix™ System:

- **Clinical Trials Completion:** The pivotal human clinical trial for the Felix™ System concluded at Monash IVF. This milestone positions Memphasys to secure CE Mark approval and accelerate European market entry in H2 FY25, opening access to a significant commercial market.
- **Order in UAE:** Memphasys received an order for a demonstration unit and 30 cartridges of the Felix System™. This evaluation, facilitated by Panacea Medizintech LLC, represents a strategic entry point into the Middle Eastern market.
- **Equine Fertility Study Initiated:** A comprehensive three-year study commenced, aimed at establishing Felix™ as a leader in the equine market, with significant commercial outcomes anticipated within 12 months.
- **Greater China Expansion:** The Company signed a Letter of Intent (LOI) with Heranova Lifesciences HK Limited to distribute Felix™ in Greater China. The partnership includes pathways for exclusive distribution, licensing, and local manufacturing, underpinned by Heranova's financing for clinical trials and regulatory approvals.

RoXsta™ System:

- **Cattle Breeding Study Launched:** The innovative oxidative stress measurement technology is now being evaluated for its potential to enhance bovine fertility outcomes, with preliminary results expected in February 2025.
- **Provisional Patent Approval:** All claims in the RoXsta™ patent application were deemed novel and inventive by the International Search Report, strengthening the platform's intellectual property.

Corporate Developments:

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- **Capital Raising:** \$1.905 million was secured through a Placement and SPP to fund strategic initiatives focused on accelerating commercialisation.
- **Leadership Appointment:** Dr. Lindley Edwards joined as Non-Executive Chairperson, bringing decades of experience in strategic partnerships and financial leadership.

Felix™ System: Rapid Sperm Separation System

Market Potential and Industry Growth

The global IVF market was valued at USD 25.3 billion in 2023¹ and is projected to grow at a CAGR of 5.54% through 2030, with the Asia-Pacific region leading this expansion. China's IVF market alone is expected to increase from USD 5.37 billion in 2023 to USD 9.04 billion by 2030², driven by rising infertility rates and advancements in reproductive technology. Similarly, the Middle East and Africa IVF market is forecasted to reach USD 3 billion by 2033, growing at a CAGR of 11.99%³. These figures underline the significant commercial opportunities for Memphasys and its innovative Felix™ System.

Accelerating Market Penetration

The trial outcomes will generate essential data for regulatory submissions, which are crucial for launching the Felix™ System in key regulated markets. Memphasys is prioritising CE Mark registration, streamlining the pathway to commercialisation in the European market and the Company's CE Mark submission remains on track for H2 FY25⁴. This milestone also advances strategic discussions with potential partners and distributors, laying the groundwork for expanding Felix™ System sales in early-access markets and driving broader commercial adoption.

Strategic Partnerships Driving Growth

Memphasys' collaboration with Heranova Lifesciences HK Limited represents a pivotal step in its global expansion strategy. This partnership targets the rapidly growing Greater China IVF market, projected to reach USD 9.04 billion by 2030, and includes financial support for clinical trials and NMPA regulatory submissions⁵. Under the Letter of Intent, Heranova will conduct an initial clinical assessment through a nominated IVF clinic in China to validate the Felix™ System for local clinical use.

Post quarter-end, Memphasys announced Heranova will lead in vitro utilisation testing at the Sichuan Jinxin Xinan Women & Children Hospital (Bisheng) in Chengdu. The hospital is a major facility owned by China's largest private fertility provider and a major player in the US market⁶.

¹ <https://www.grandviewresearch.com/industry-analysis/in-vitro-fertilization-market>

² <https://www.renub.com/china-in-vitro-fertilization-market-p.php>

³ <https://www.sperresearch.com/report-store/mea-in-vitro-fertilization-market.aspx>

⁴ Refer to ASX Announcement dated: 18 December 2024

⁵ Refer to ASX Announcement dated: 12 December 2024

⁶ Refer to ASX Announcement dated: 6 January 2025

Similarly, the order from a UAE clinic underscores the growing demand for advanced ART technologies in the Middle East, a market forecast to reach USD 3 billion by 2033⁷. These partnerships are instrumental in establishing the Felix™ System's global footprint.

Expanding into Equine Markets

The Felix™ System's application in equine fertility is progressing rapidly, with a three-year study underway in collaboration with Equibreed UK Ltd and the University of Newcastle⁸. Whilst studies are ongoing the data generated from this work will be used to pursue potential commercial opportunities with industry partners. With support from prominent Australian stud farms, the study will focus on demonstrating the system's broader commercial potential and effectiveness in improving fertility outcomes. This initiative is expected to generate critical data supporting market entry and positioning Felix™ as a leader in the global equine AI market. In parallel with the Company's ongoing study, Memphasys is actively engaged with global distributors to pave the way for Felix™'s commercial rollout.

RoXsta™ System: Rapid Oxidative Stress Assessment

Unlocking Commercial Potential in Livestock

The RoXsta™ System is being trialled in cattle breeding to assess its ability to optimise reproductive performance by measuring oxidative stress levels⁹. This innovative approach could lead to cost-effective solutions for improving herd productivity, targeting both specialised and general breeding operations.

The study commenced in December at a commercial cattle operation in New South Wales with the collection of blood and plasma samples from 50 heifers, approximately one-month post-artificial insemination. Preliminary pregnancy results are expected late February 2025 and if initial findings are promising, the study could lead to a larger-scale clinical trial in Autumn 2025 in collaboration with the University of Newcastle.

Strategic and Scientific Validation

The RoXsta™ System's patent approval and publication in a leading international journal reinforce its commercial and scientific credibility. These milestones enhance its market appeal and set the stage for broader applications in agriculture and veterinary health¹⁰. With a strategic view the company intends to review all current applications of the RoXsta™ System focusing on high value areas only. Should interest present in other lower value areas the company will move to either co-develop or licence.

⁷ Refer to ASX Announcement dated: 5 December 2024

⁸ Refer to ASX Announcement dated: 18 October 2024

⁹ Refer to ASX Announcement dated: 20 December 2024

¹⁰ Refer to ASX Announcement dated: 15 November 2024

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Corporate Updates

Strengthening Financial and Strategic Foundations

The \$1.905 million capital raise ensures Memphasys is well-funded to execute its commercialisation strategy¹¹. Meanwhile, Dr. Lindley Edwards' appointment as Non-Executive Chairperson adds significant expertise in forging strategic alliances and navigating complex growth markets¹².

Looking Ahead

Memphasys remains focused on delivering commercial outcomes through:

- Achieving CE Mark approval for Felix™ System and advancing regulatory submissions globally.
- Scaling Felix™ System adoption in human and animal fertility markets through strategic partnerships.
- Progressing the RoXsta™ cattle study to unlock new revenue streams in agriculture.

These initiatives position Memphasys as a global leader in reproductive biotechnology, addressing critical market needs while delivering sustainable growth and value for stakeholders.

Related Party Payments

Administration and Corporate costs in the Appendix 4C December Quarterly Cash Flow include payments of \$242,747 to related parties, as follows:

- Non-executive director's fees totalling \$131,264; and
- Salary and superannuation of \$111,483 paid to MEM's Executive Director and Chief Executive Officer, Dr David Ali.

This announcement is released with the approval of the board of Memphasys.

Ends

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¹¹ Refer to ASX Announcement dated: 5 November 2024

¹² Refer to ASX Announcement dated: 21 November 2024

About Memphasys Limited

Memphasys Limited (ASX: MEM) specialises in advanced reproductive biotechnology, developing medical devices, diagnostics, and proprietary media for human and animal applications. With flagship technologies like the Felix™ and RoXsta™ Systems, Memphasys is committed to delivering transformative solutions that enhance fertility outcomes worldwide.

Website: www.memphasys.com

The Felix™ System is a registered trademark of Memphasys Limited. All rights reserved.

The RoXsta™ System is a registered trademark of Memphasys Limited. All rights reserved.

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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 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	4	4
1.2 Payments for		
(a) research and development	(498)	(738)
(b) product manufacturing and operating costs	(24)	(80)
(c) advertising and marketing	(32)	(32)
(d) leased assets	(10)	(24)
(e) staff costs	(460)	(881)
(f) administration and corporate costs	(360)	(503)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(28)	(28)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,119	1,119
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(287)	(1,161)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	(12)

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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	-	43
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	-	31
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,851	2,351
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	(269)	(304)
3.5	Proceeds from borrowings	-	950
3.6	Repayment of borrowings	(1,086)	(1,586)
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	496	1,411
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	307	235
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(287)	(1,161)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	31

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)	496	1,411
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	516	516

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	516	307
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)	516	307

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	243
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	3,929	4,947
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	3,929	4,947
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.		
Convertible Note \$3M plus interest; maturity date 30 June 2025.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(289)
8.2 Cash and cash equivalents at quarter end (item 4.6)	516
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	506
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.79
<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 company expects that it will continue to have the current level of operating cash outflows.	
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: After achieving important milestones in the December quarter (as outlined in the Activities Report) the Company is well placed to raise additional funds when required.	
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 and meet its business objectives via ongoing funding and commencement of commercial sales of the Felix Device to meet operational and product development activities.	
<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: 23 January 2025

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.