



25 October 2019

Company Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney, NSW 2000

Dear Sir/Madam

APPENDIX 4C – OCTOBER 2019

Please find attached the Appendix 4C for the September 2019 Quarter for Medlab (ASX: MDC).

The key highlights for the period have been:

- Recruitment in Medlab's Phase 2 trial at Royal North Shore Hospital is completed and results expected by Christmas.
- **Collections of \$2.401m**, an increase of approx. 96% over the corresponding period last year.
- **R&D Tax Incentive FY 2019 of \$2.1m** was received in October.
- Agreement executed to expand **nutraceuticals to USA**
- **First export order** of Medlab's newest cannabinoid (NanoCBD™) of 1,500 units to Hong Kong received and deposit paid.

RESEARCH

Medlab's research programme, specifically in pain management and depression continues to progress well. These two specific areas represent extremely large patient groups with unmet needs and significant potential global revenue models.

Medical Cannabis

Medlab's research in cannabis-based medicine (NanaBis™) continues to make material progress in delivering clinical evidence with an end goal of drug registration in cancer pain management. Medlab's Phase 2 trial with Royal North Shore hospital has completed recruiting and independently prepared data results are expected to be available around the end of the current quarter.

Medlab continues to receive very promising results from the trial at Royal North Shore Hospital and from the Government's Special Access Scheme (SAS). Feedback has been received showing patients reducing their reliance on other medication and also improvements in quality of life measures.

The path to drug registration has been further advanced in the quarter with the confirmation of an Ethics approved, CTN Observational Study which to date (early stage) has recruited over 100 patients and 80 doctors and will be part of the overall patient trial numbers required for drug registration.

All progress to drug registration through trials success offers a quantum increase in the commercial opportunities available to Medlab.

COMMERCIALISATION

While we remain focused on the opportunity to deliver a pain management alternative to opioids, the parallel commercial activities in Nutraceuticals and Medical Cannabis/Pharmaceuticals continue to deliver solid progress.

- Products dispensed under SAS showed solid growth (predominantly through the lead product, NanaBis™) with revenue up 273% year on year and 45% quarter on quarter.

- The number of bottles dispensed grew by approx. 40% to well over 1,000 for the quarter and patients treated were up over 60% from the previous quarter.
- It should be noted that NanaBis™ sales were negatively impacted by production issues in the September quarter and this issue has been resolved
- First export order of Medlab's newest cannabinoid (NanoCBD™) of 1,500 units to Hong Kong received and deposit paid.
- A definitive commercial agreement was executed to launch the nutraceuticals into USA. The official launch of the 1st Brand will occur at a major US medical conference, the 27th Annual World Congress, in December, run by the American Academy of Anti-Aging Medicine (A4M).
- Overall customer collections were flat after the significant onboarding of large chemist groups in the prior quarter but up 96% year on year. That onboarding impacted working capital as the nutraceuticals business continues to grow and show great potential.

These commercial opportunities represent opportunities for significant growth, in both domestic market (nutraceutical and pharmaceutical) and international markets.

CORPORATE

Cash balance of \$6.942m as at 30 September 2019. The cash position improved in October with the receipt of \$2.1m in relation to the R&D Tax Incentive Scheme for FY 2019.

SUMMARY

Medlab is committed to delivering significant advancements in pain management with global commercial opportunity. Success via progress to drug registration through trials success offers a quantum change in outlook for Medlab. Medlab has engaged the European Medicines Agency (EMA) in Europe, the Food and Drug Administration (FDA) in the USA and Therapeutic Goods Administration (TGA) in Australia to define drug registration pathways for the purpose of near future new drug applications.

Parallel opportunities including the growth in Nutraceuticals and the recently announced CBD product produced in an FDA approved facility employing Medlab's patented delivery platform, NanoCelle™ provide shorter term focus and opportunity which is being executed.

The current quarter and first quarter next year are expected to be exciting for the company with the release of Phase 2 trial data and preparation for Phase 3 trial in the US and Australia.

We expect to deliver significant news on progress on across our businesses and exciting opportunities for our customers, our staff and our shareholders.

For and behalf of the Board.



Dr Sean Hall
Managing Director

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

MEDLAB CLINICAL LIMITED

ABN

51 169 149 071

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,401	2,401
1.2 Payments for		
(a) research and development	(1,232)	(1,232)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(695)	(695)
(d) leased assets	(170)	(170)
(e) staff costs	(1,284)	(1,284)
(f) administration and corporate costs	(732)	(732)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	35	35
1.5 Interest and other costs of finance paid	(26)	(26)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
(a) payments for inventory	(2,242)	(2,242)
(b) IP costs	(48)	(48)
1.9 Net cash from / (used in) operating activities	(3,993)	(3,993)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(98)	(98)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other	-	-
2.6 Net cash from / (used in) investing activities	(98)	(98)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	1,800	1,800
3.6 Repayment of borrowings	(2,190)	(2,190)
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	(390)	(390)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	11,442	11,442
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,993)	(3,993)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(98)	(98)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(390)	(390)
4.5 Effect of movement in exchange rates on cash held	(19)	(19)
4.6 Cash and cash equivalents at end of quarter	6,942	6,942

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	1,942	3,442
5.2 Call deposits	5,000	8,000
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)	6,942	11,442

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

**Current quarter
\$A'000**

115

-

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Director fees/wages

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Banking facility	2,000	614

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	1,200
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	500
9.4 Leased assets	170
9.5 Staff costs	1,100
9.6 Administration and corporate costs	400
9.7 Other (provide details if material)	
(c) payments for inventory	1,200
(d) IP costs	30
9.8 Total estimated cash outflows	4,600

NOTE: The Company received \$2.1m in October for the R&D Tax Incentive

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.



Sign here:
Company secretary

Date: 25 October 2019

Print name: Alan Dworkin

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.