



ASX ANNOUNCEMENT

31 January 2023

Quarterly business update and Appendix 4C

Improved cash position and essential “tickets to play” for US market and global biopharma contracts won

Highlights

- Improved financial position following placement (\$290K) and receipt of R&D and EDMG incentives (\$607K) with closing cash of \$641K
- Received interim HIPAA certification, providing essential “ticket to play” for the US recruitment market and winning global biopharma contracts
- Signed MSAs with leading global pharma companies Bristol Myers Squibb and GlaxoSmithKline securing approved and preferred supplier status
- First BMS recruitment contracts valued at \$145K secured
- Launched 1 for 4 renounceable rights issue to raise \$480K

Quarterly business update

Opyl delivered a strong performance this quarter with a successful share placement and receipt of R&D and EDMG incentives, strengthening the balance sheet and vitally extending the cash runway into next calendar year.

More significantly, the latest quarter delivered two milestones critical to Opyl's growth strategy and drive to exponentially step-up revenues:

- **Master Service Agreements (MSA) that deliver recruitment contracts**
 - MSAs signed with leading global pharmaceutical companies, GlaxoSmithKline (GSK) and Bristol Myers Squibb (BMS)
 - Demonstrates trust and confidence that GSK and BMS have in Opyl's products and services
 - Strategic focus on securing a portfolio of MSAs with global biopharma to provide Opyl with a competitive 'insider' advantage and higher success rate in securing new contracts and revenue
- **Interim Health Insurance Portability and Accountability Act (HIPAA) compliance achieved**
 - Essential “ticket to play” to enter international markets, particularly the US, with the first recruitment into US sites activated in December
 - Also achieved compliance certification for security measures and requirements for Amazon Web Services (AWS), the platform that Opyl is built upon



- Confirms that Opyl's products, services and infrastructure meet stringent, international healthcare industry data security and compliance standards
- Full HIPAA compliance is anticipated within 6 months, automatically qualifying Opyl for EU's General Data Protection Regulation (GDPR) compliance, enabling expansion to EU

"To improve our existing sales pipeline across multiple customers, we have refined our approach to focus on securing a smaller number of channel partners for OpIn via MSAs. Relationship-based prospecting within MSAs ensures we have a better chance of sales success with multiple contracts within a single customer, in a faster timeframe and with less competition" said Michelle Gallaher, Opyl CEO.

Important milestones were also achieved by TrialKey during this quarter including:

- Key development milestone, addressing a major global challenge– providing a unique dataset that will be applied to enhancing TrialKey and potentially licensed
- Independent tests by RMIT University demonstrated the TrialKey solution traced a random subset of 10,000 clinical trials reported to global registries through to their outcomes with 92% accuracy. The next stage will be to apply this to the wider 300,000+ clinical trial outcomes dataset, to refine the TrialKey model ahead of commercialisation
- TrialKey has the potential to revolutionise the way clinical trial protocols are designed, and if successfully commercialised, will provide a second independent revenue stream for Opyl

Business development – clear pathway to step up in revenue

OpIn has a strong and growing pipeline of deals at varying stages and sizes. The size of individual deals won to date, range from around \$70K to \$210K, with an average value of approximately \$100K and an average duration of approximately 6 months.

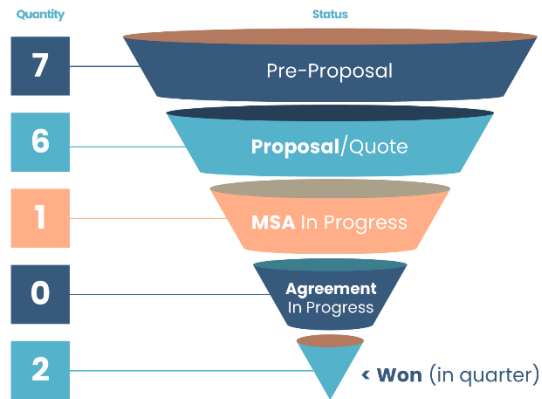
A summary of the business development funnel at the end of the quarter is set out below. Key take-aways include:

- Business pipeline strengthened by strategic MSAs with GSK and BMS
- Ongoing strong customer relationships with Pfizer, IQVIA and other biotech and research institute customers.
- Revenue from OpIn is gaining momentum and is expected to accelerate further on the back of securing MSA's
- OpIn's solution supporting multiple languages (e.g. Spanish, Chinese and Korean), was used to commence recruitment in a number of international markets, including the US
- Two significant contracts won in the quarter, including BMS as announced
- Activated the OpIn business development plan in Australia, speaking at conferences and events, outbound direct marketing, social media marketing and brand awareness. Conferences at which OpIn exhibited/ speaker opportunities included; AusBio, BioInvest, ARCS Clinical Trial Symposium, ANDHealth Digital Health Summit and Talking Health podcast.



Pipeline

As per Week 4, December 2022



Strategic review and management update

Post period, the Board of Opyl initiated a strategic review to maximise shareholder value.

With the outlook for Opyl and our industry globally remaining strong, the Board believes that it is critical that solutions to accelerate the growth trajectory and enhance the scale in the business are found. The strategic review will concentrate on the following key priority areas:

- Accelerate revenue growth and scaling of the OpIn business
- Develop non-cash-dilutive solutions to advance the development and monetise the TrialKey technology platform
- Explore in-organic solutions that can address and accelerate the scale of the business,
- Stronger IR and enhanced corporate communications

CEO Michelle Gallaher's focus shall concentrate on the top priority to accelerate revenue growth in the OpIn business and scaling its operations.

To enable and support the remaining priorities, the board will overview and manage these priorities and current Chair, Mark Ziirsen will take on the role of Interim Executive Chair.

Given the recent prices at which Opyl shares have traded the board believes that the company is undervalued, and it is in this context, that it has commenced this strategic review with the view to maximising value for all Opyl's shareholders. There is no certainty that the strategic review will lead to any particular outcome or transaction.

Financials

Cash management and preservation

The Company ended the calendar year in a significantly stronger cash position of \$641K (vs. \$186K in the previous quarter) following the successful share placement and receipt of government grants and tax incentives.



An ongoing approach to contain costs relative to revenue growth has been initiated, with initiatives to date including:

- Reductions in non-essential administration and resources costs
- Delaying development in non-critical areas of the technology plan
- Prioritising new Opin features and functionality that are revenue generating
- Directors deferring fees
- Reducing headcount by 2.6FTE
- Stop non-essential travel
- Limit non-revenue related marketing expenses

To date, the aggregate of these actions has seen OpEx costs for the half that are approximately \$300K (17%) below the prior comparable period and almost \$500K (27%) below management forecasts.

Capital raising

Capital raising activities have included:

- Successful share placement raising approximately \$290K (before costs), supported by existing and new shareholder including a strategic investment from specialist small cap fund, L39 Capital
- Undertaking 1 for 4 non-renounceable entitlement offer to raise a maximum of \$480K, enabling shareholders to invest on same terms as the placement
- Proceeds will be directed to accelerate the sales pipeline, expand Opin further into the US and key APAC markets, ongoing enhancement of Opin and TrialKey platforms and general working capital

Cash flows

Opyl achieved a positive operating cash flow of \$165K in the quarter, a turnaround of \$763K from the previous quarter, primarily as a result of receipts of a R&D tax incentive of \$570K and Export Market Development Grants of \$37K from the government.

The largest operating expenses were \$310K in staff costs and \$267K in administration and corporate costs. These expense areas have been reduced in line with capital resources.

The company also received \$290K (excluding costs) in cash inflows from financing activities that relate to the share placement as outlined above.

Opyl finished the December quarter with a cash balance of \$641K, an increase of \$455K from the previous quarter, and no debt.

Related Party Transactions (Listing Rule 4.7B)

In accordance with Listing Rule 4.7B, Opyl advises that it made related party payments (item 6.1) of \$125K. This includes \$29k in Directors' fees with the balance going to Advantage Data and Zappli for ongoing R&D activities related to developing Opin and TrialKey, the Company's two clinical trial efficiency platforms. Advantage Data and Zappli are entities linked to the Company's executive director Damon Rasheed, and Opyl continues to leverage on his AI and data science expertise.



The Board has authorised this announcement for release to the ASX.

-ENDS-

For media and investor enquiries: info@opyl.ai

For clinical trial recruitment enquiries: info@opin.ai

www.opyl.ai

www.opin.ai

Opyl is a new generation Australian digital health company that applies artificial intelligence to improving clinical trials. Our platforms make clinical trials more efficient and easier to access, giving patients more options and saving medical researchers time and money.

Our key offering for biopharma, medtech, government and healthcare organisations:

- clinical trial recruitment solutions – Opin.ai
- clinical trial predictive analytics and protocol design – TrialKey
- deep social media insights and analysis – Social Insights

Follow Opyl on Twitter (@Opylai), LinkedIn and Facebook

Appendix 4C

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

Name of entity

Opyl Limited

ABN

71 063 144 865

Quarter ended ("current quarter")

31 December 2022

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	193	337
1.2 Payments for		
(a) research and development	(31)	(75)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(27)	(44)
(d) leased assets		
(e) staff costs (Includes \$29k payment for the quarter to directors)	(310)	(664)
(f) administration and corporate costs	(267)	(594)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	607	607
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	165	(433)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	-	(2)
(d) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(e) intellectual property (amount is paid to a related party for in-house software development)		
(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. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	290	290
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		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (payments for share buyback)		
3.10 Net cash from / (used in) financing activities	290	290

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	186	786
4.2	Net cash from / (used in) operating activities (item 1.9 above)	165	(433)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	290	290
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	641	641

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	641	186
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details) - Finance facility		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	641	186

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	125
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

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

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.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (line of credit facility)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000

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)	165
8.2 Cash and cash equivalents at quarter end (Item 4.6)	641
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	641
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3.88

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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:

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:

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:

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:31 January 2023.....

Authorised by:By the Board of Directors of Opyl Limited.....
(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.