



**NEXT GENERATION
MRI TECHNOLOGIES**

Share Purchase Plan
Investor Presentation

November 2022



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Re-cap of merger completed in January 2021

- Magnetica (MNA) completed the merger with Space Cryomagnetics Ltd (trading as Scientific Magnetics Ltd (SciMag)) in late January 2021
- MNA became a global MRI (Magnetic Resonance Imaging) System OEM (Original Equipment Manufacturer)
 - Moved the company up the medical device value chain, to control of our own destiny
 - Focus on commercialising a roadmap of compact MRI systems for dedicated applications
- UK-based Avingtrans plc (AVG) became the majority shareholder in MNA
- MNA continues to design and manufacture sub-systems for use in MRI / NMR (Nuclear Magnetic Resonance) / NQR (Nuclear Quadrupole Resonance)
 - Superconducting magnets, spectrometers, gradient coils and RF (Radio Frequency) coils



Activities since merger in January 2021

Significant progress has been made in many areas of the business since the merger.

Our activities have included:

- #1: Advancing the commercialisation of our disruptive compact MRI systems, with our first system to address MSK (musculoskeletal) extremity imaging for clinical applications
- #2: Ongoing sales and supply of bespoke MRI/NMR/NQR products, to research-based customers
- #3: Business integration, transitioning us from three companies located in different geographies to become one company with three regional offices
 - Each located in key addressable markets to drive our future success
- #4: Building out our team through a range of new hires and internal promotions/changes in role

A Compact 3T MRI system for dedicated MSK Extremity imaging that:

- Delivers enhanced/superior image quality to clinicians for optimal diagnostic outcomes
- Provides improved MSK imaging workflow and patient throughput
- Solves patient claustrophobia, comfort and noise-level concerns
- Improves clinic efficiency when deployed to complement existing whole-body MRI systems
- Transfers MSK workload from high-utilisation whole-body systems to maximise returns
- Simplifies siting and installation by being smaller and lighter weight
- Removes the need for a quench duct and liquid helium supply chain

“
**BRINGING
HIGH-QUALITY
IMAGING CLOSE
TO THE PATIENT
POINT-OF-CARE**
”

Activity #1: Compact MRI System Commercialisation

3T COMPACT MRI SYSTEM - FOR DEDICATED MSK IMAGING



NB This product is not yet available for commercial sale – Images shown are of a prototype system

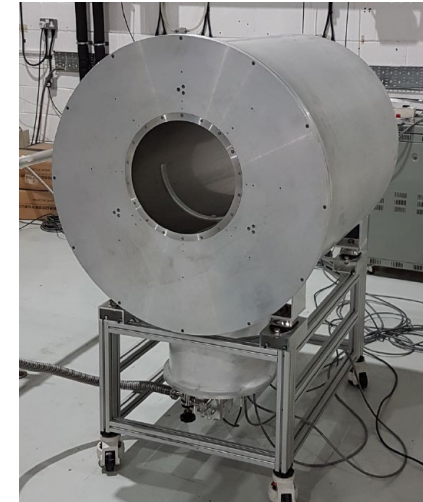
Activity #1: Compact MRI System Commercialisation

- The range of activities undertaken, and continuing to-date, have included:
 - Replacing sub-systems historically supplied by our previous Systems Integration partner
 - Incorporating trade secrets and patented ideas from our IP (Intellectual Property) portfolio within our MRI system - enabling sustainable competitive advantage
 - MAKE: Developing and manufacturing high-value sub-systems required in an MRI system:
 - Helium-free asymmetric superconducting magnet (SciMag)
 - Spectrometer (Tecmag)
 - Gradient coils (Magnetica AU)
 - RF (Radio Frequency) coils (Magnetica AU)
 - Software (Magnetica AU and Tecmag)
 - Various electronics for system control and monitoring (Magnetica AU)
 - BUY: Sourcing lower value sub-systems required in an MRI system as COTS (Commercial Off The Shelf) items from trusted partners/vendors
 - Exploring an opportunity to apply our MRI system market offering to an industrial application

Activity #2: Ongoing sales and supply of products

Sale and supply of MRI / NMR / NQR products, primarily to research-based customers:

- Sales have continued to be ‘lumpy’, as is the norm with this market, but exacerbated by the global pandemic
- The manufacture and supply of deliverables to customers has been impacted by global supply chain challenges
- Nevertheless, we have secured a range of orders resulting in a record number of jobs underway at SciMag and Tecmag, with a sizeable backlog of orders still to be fulfilled (~A\$4.3 million at end Oct-22)



Example 3 Tesla superconducting magnet



Example 7 Tesla superconducting magnet

BLUESTONE
COMPACT IMAGING CONSOLE



REDSTONE - MODULAR
DIGITAL NMR / MRI CONSOLE



Activity #3: Business Integration

- A range of business integration and compliance activities have progressed.
- An ongoing journey, activities have included those in the following areas:
 - Quality Management System (QMS)
 - Customer Relationship Management (CRM) system
 - Enterprise Resource Planning (ERP) system
 - IT cybersecurity upgrades and underpinning infrastructure alignment
 - Migration of data to common cloud-based hosting
 - General Data Protection Regulation (GDPR) compliance

Activity #4: Building out the team

- Upon completion of the merger we had a team of 32 employees across the three sites. We now have a team of 53 employees
- We have strengthened our Product Development team to support the MRI system commercialisation activities, including System Engineering and software development disciplines
- Some key senior roles we have filled through new hires include:
 - General Manager, Tecmag
 - Head of Product Development
 - Finance Manager
 - Design Assurance Lead
 - Project Manager
- We are working with a range of experts, consulting to us in a range of fields, to support our development activities and help us to mitigate risks to ensure our products are safe and effective when they come to market

Funding Requirements – Capital Raising

- Funds committed by AVG at the merger supported the business until end of FY2022 (31May22)
- AVG has loaned MNA funds to support our progress until a capital raising is completed
 - We are still too early in our commercialisation journey to access routine debt funding
- New funds primarily required to support ongoing operations and MSK extremity MRI system commercialisation activities
- Three factors have been key to the determination of the capital raising share price:
 - Some delays to our commercialisation program, resulting in changed milestone dates
 - Stemming from necessary technical reiterations and global supply chain disruptions
 - The existing and ongoing negative market sentiment
 - Certain funding pathways have abated, limiting current options for accessing capital
 - Benchmarking the share price trajectories of other early-stage companies in the medical imaging market, where this data is publicly available.

Funding Requirements – Capital Raising

- This investment opportunity has been priced at A\$0.05 per share, to reflect current market conditions and to ensure we can attract investment, be that from new investors (arm's length transactions) or from existing investors (including related parties), to meet our funding requirements, to continue to build value for all shareholders
- Given the need for a lower price per share on this occasion (compared with previous capital raisings) we seek to limit the dilution upon existing shareholders by:
 - Minimising the quantum of the capital raising for this phase of development to A\$6.75 million; and
 - Providing some up-side opportunity for those that are interested in investing, by opening the capital raise to eligible existing retail investors under a share purchase plan offer.

Funding Requirements – Proposed Sources of Funds

Capital raising - to raise up to A\$6.75 million (before offer costs) and retire A\$4.35 million of shareholder loans comprising:

- the issue of further shares to our majority shareholder AVG through:
 - **(AVG Placement)** a placement of up to approximately 135,000,000 shares (equating to ~24.0% of issued share capital post raise) at A\$0.05 per share to raise up to A\$6,750,000
 - Note: the final size of the AVG Placement to be reduced by the level of participation under the Placement and SPP. Funds to be provided in stages.
 - **(AVG debt reduction)** capitalisation of AVG’s working capital loan, by issuing approximately 87,000,000 shares (equating to ~15.5% of issued share capital post raise) at A\$0.05 per share, representing a forecast A\$4,350,000 of anticipated loans from AVG to MNA at completion of the capital raising
 Note: subject to shareholder approval (AVG Capital Raising);
- **(Placement)** a placement at A\$0.05 per share to new and/or existing sophisticated, professional and other investors to whom no disclosure is required under the Corporations Act 2001 (Cth)
 - Note: subject to shareholder approval of the AVG Capital Raising (with the final size of the placement to be reduced by the level of participation by under the SPP)
- **(SPP)** a share purchase plan offer, to allow eligible existing shareholders to purchase up to A\$30,000 of fully paid ordinary shares in MNA, at A\$0.05 per share
 - Note: subject to shareholder approval of the AVG Capital Raising.

Funding Requirements – Proposed Uses of Funds

- Funds raised under the Capital Raising are forecast to support the company until mid 2023
- A follow-on capital raise will be required later in 2023, to support the next phase of our journey, including anticipated market entry and commencing a growth phase for the business
- The funds from the near-term raise will act as working capital and to support:
 - Commercialisation of MSK Extremity MRI system, including:
 - Completing the development of a production equivalent system;
 - Verification activities, including compliance testing; and
 - Preparatory activities for in-clinic usability trials and regulatory submissions;
 - Progressing an opportunity to apply our technology into an industrial market application;
 - Relocating the Brisbane team to a new facility (approximately three times the size of the current facility);
 - Engaging additional personnel and scaling up manufacturing to build out production capabilities for manufacture of our MRI systems, with sub-systems being manufactured at each of our facility locations;
 - On going development of market entry plans (timing and scope always being subject to applicable regulatory approvals); and
 - Collaboration with Adaptix plc, including evaluating the opportunity to combine the images produced from MNA’s Cryogen-free MRI system and Adaptix plc's DT (Digital Tomosynthesis) imaging system.



Key near-term objectives for the business

2023				2024	
Q1	Q2	Q3	Q4	Q1	Q2
Complete capital raise	Complete verification testing	Complete in-clinic usability trials	System launch at US RSNA conference	Receive MA from US FDA to sell product	Commence shipments to US customers
Complete MSK system development	Manufacturing scale-up activities	Secure industrial market application	Submit EU, AU applications for product launch	Commence Industrial product sales	
Move to new Brisbane site		Prepare US FDA 510(k) application	Complete commercial phase fund raising		

Key Features of the Share Purchase Plan

Summary of Offer	
Offer Price	A\$0.05 per new share

Key Dates	
Record Date	5:00pm (Brisbane time) on Tuesday, 22 November 2022
Announcement of the Share Purchase Plan	Wednesday, 16 November 2022
Opening date of the Share Purchase Plan	Wednesday, 23 November 2022
Closing Date – last date for lodgement of Applications and payment of Application Money	5:00pm (Brisbane time) on Friday, 6 January 2023
AVG Capital Raising – General Meeting	Monday, 16 January 2023
Issue and allotment of new shares (subject to shareholder approval of the AVG Capital Raising)	Friday, 27 January 2023



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