

MEMPHASYS LIMITED
ACN 120 047 556

SUPPLEMENTARY PROSPECTUS

1. IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 20 September 2024 (**Prospectus**) issued by Memphasys Limited (ACN 120 047 556) (**Company**).

This Supplementary Prospectus is dated 8 October 2024 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus in hard copy or as an electronic copy and may be accessed on the Company's website at www.memphasys.com.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

2. REASONS FOR THE SUPPLEMENTARY PROSPECTUS

This Supplementary Prospectus has been prepared to make certain amendments to the Prospectus and to provide additional disclosure, as set out in Section 3 below.

The content of this Supplementary Prospectus is not considered by the Company to be materially adverse to investors.

3. AMENDMENTS TO THE PROSPECTUS AND ADDITIONAL DISCLOSURE

The Prospectus is amended as set out below.

3.1 Target Market Determination

The following sentence is deleted from Section 1.5 (Target Market Determination) of the Prospectus:

"By making an application under the SPP Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD."

3.2 Participants in the Placement and Top Up Offer

Placement

As noted in Section 3.6 of the Prospectus, the Placement Offer will only be extended to the Placement Participants and accordingly Application Forms will only be provided to these participants on invitation by the Directors.

The Placement Participants are comprised of investors who were identified through a bookbuild process undertaken by the Lead Manager and who have signed binding commitment letters to subscribe for Shares (and Attaching Options) under the Placement.

No related parties of the Company will participate in the Placement.

No substantial Shareholders (>5% voting power) of the Company will be participating in the Placement, other than Mr Andrew Goodall, who is proposed to subscribe for a maximum of

\$150,000 worth of Shares under the Placement. Please refer to Section 3.6 below for further information on the impact the subscription will have on Mr Goodall's voting power.

Top Up Offer

As noted in Section 2.1 of the Prospectus, the Company will contemplate conducting a top-up placement to raise up to an additional \$1,000,000, on the same terms as the SPP and dependent on the amount raised from the SPP and general investor demand. This placement would be facilitated via the Top Up Offer, being an offer to sophisticated and professional investors identified by the Lead Manager at an issue price equal to the price of Shares issued under the SPP Offer to raise up to \$1,000,000, together with 1 Attaching Option for every 1 Share issued.

The Company wishes to clarify that:

- (a) It is the Company's present intention to proceed with the Top Up Offer to the full extent of investor demand. The allocation of Securities under the Top Up Offer will be decided by the Company in conjunction with the Lead Manager and will be influenced by the following factors:
 - (i) number of Shares bid for by particular applicants;
 - (ii) the timeliness of the bid by particular applicants;
 - (iii) the Company's desire to expand its spread of institutional shareholders;
 - (iv) the size and type of funds under management of particular applicants;
 - (v) the likelihood that particular applicants will:
 - (A) be long-term Shareholders;
 - (B) support the Company's share price post the Offers by purchasing Shares on-market;
 - (C) support future funding rounds if and when required; and
 - (vi) any factors other than those described above that the Company and Lead Manager consider appropriate.
- (b) In the event that it proceeds with the Top Up Offer:
 - (i) only sophisticated and professional investors will be invited to participate in the Offer; and
 - (ii) no related parties or substantial Shareholders (>5% voting power) will be invited to participate in the offer.

3.3 Dilutionary effect of the Offers

Throughout the Prospectus, it is noted that the issue price of the SPP Offer and Placement Offer is equal to the lower of \$0.008 and a 20% discount to the volume weighted average market price of Shares (as traded on the ASX) across the 5 trading days immediately prior to the date of issue of the Shares (**5-day VWAP**). If the Company proceeds with the Top Up Offer, the issue price of Shares under the Top Up Offer will equal the issue price under the SPP Offer.

The issue of the Shares (and Attaching Options) the subject of the Offers is subject to and conditional upon receipt of Shareholder approval for the purposes of ASX Listing Rule 7.1. The Shares (and Attaching Options) under the SPP Offer and Placement Offer are proposed to be issued within 5 business days following receipt of Shareholder approval at the General Meeting. Any Shares (and Attaching Options) to be issued under the Top Up Offer are proposed to be issued within 1 month of the General Meeting (subject to investor demand).

The Company reiterates that there is a risk that the market price of the Shares may rise or fall between: (1) the date of the Prospectus, (2) the date on which an investor applies for their Shares under an Offer and (3) the date of issue of the Shares under the SPP Offer. As such, the price that an applicant pays for Shares may be less than or more than the market price of the Shares at the time of issue of the Shares.

The Company notes that since the Prospectus was issued and up to the date of this Supplementary Prospectus, the Company's Share price has traded between \$0.007 and \$0.009, representing a theoretical issue price between \$0.0056 and 0.0072 (however this should not be construed as an indication of the final issue price).

At Section 3.1 of the Prospectus, the Company included a worked example of the number of Shares and Attaching Options that may be issued to an applicant that applies for the maximum \$30,000 parcel under the SPP Offer, based on assumed issue prices of \$0.008, \$0.007 and \$0.006.

At Section 4.4 of the Prospectus, the Company disclosed the effect of the Offers on the Company's capital structure, assuming an issue price of \$0.008 and \$0.006 for both the SPP Offer and the Placement Offer. In the footnotes to the capital structure table in Section 4.4, the Company also noted that:

- (a) the table is for illustrative purposes only and is based on an assumed issue price of \$0.008 and \$0.006 per Share for both the Placement Offer and the SPP Offer. The Company notes that the final number of Shares to be issued under both the Placement Offer and the SPP Offer will depend on the final issue price, being equal to the lower of \$0.008 and a 20% discount to the 5-day VWAP as at the date of issue of the Shares under the respective Offers;
- (b) under the working capital loan agreement announced on 17 September 2024, the Company has agreed to issue a further \$50,000 worth of Shares, at an issue price of the lower of \$0.008 and a 20% discount to the 5-day VWAP as at the date of issue of the Shares, together with 1 free Attaching Option for every Share issued. The issue of these Shares and Attaching Options is subject to Shareholder approval at the General Meeting; and
- (c) subject to the amount raised from the SPP and general investor demand, and conditional on receipt of Shareholder approval at the General Meeting, the Company may issue up to an additional \$1,000,000 worth of Shares under the Top Up Offer at an issue price equal to the issue price of the SPP.

Based on the above, the Company considers that the Prospectus adequately discloses the dilutionary effects of the Offers. Notwithstanding, the Company has prepared the following tables to further assist investors with their understanding of how the Company's capital structure will be affected at various issue prices and assuming the maximum number of Shares are issued under the Offers:

SHARES ¹	NUMBER (\$0.008 ISSUE PRICE)	NUMBER (\$0.007 ISSUE PRICE)	NUMBER (\$0.006 ISSUE PRICE)	NUMBER (\$0.005 ISSUE PRICE)	NUMBER (\$0.004 ISSUE PRICE)
Shares currently on issue	1,445,248,156	1,445,248,156	1,445,248,156	1,445,248,156	1,445,248,156
Shares to be issued under the Placement Offer	125,000,000	142,857,143	166,666,667	200,000,000	250,000,000
Maximum number of Shares to be issued under the SPP Offer	125,000,000	142,857,143	166,666,667	200,000,000	250,000,000
Shares to be issued in consideration for	6,250,000	7,142,857	8,333,333	10,000,000	12,500,000

SHARES ¹	NUMBER (\$0.008 ISSUE PRICE)	NUMBER (\$0.007 ISSUE PRICE)	NUMBER (\$0.006 ISSUE PRICE)	NUMBER (\$0.005 ISSUE PRICE)	NUMBER (\$0.004 ISSUE PRICE)
working capital loan					
Maximum number of Shares that may be issued under Top Up Offer	125,000,000	142,857,143	166,666,667	200,000,000	250,000,000
Total Shares on issue on completion of the Offers	1,826,498,156	1,880,962,442	1,953,581,489	2,055,248,156	2,207,748,156

Notes:

- The issue of all Shares disclosed in this table is subject to receipt of Shareholder approval at the General Meeting for the purposes of ASX Listing Rule 7.1.

OPTIONS	NUMBER (\$0.008 ISSUE PRICE)	NUMBER (\$0.007 ISSUE PRICE)	NUMBER (\$0.006 ISSUE PRICE)	NUMBER (\$0.005 ISSUE PRICE)	NUMBER (\$0.004 ISSUE PRICE)
Options currently on issue ¹	258,756,532	258,756,532	258,756,532	258,756,532	258,756,532
Attaching Options to be issued under the Placement Offer	125,000,000	142,857,143	166,666,667	200,000,000	250,000,000
Maximum number of Attaching Options to be issued under the SPP Offer	125,000,000	142,857,143	166,666,667	200,000,000	250,000,000
Attaching Options to be issued in consideration for working capital loan	6,250,000	7,142,857	8,333,333	10,000,000	12,500,000
Maximum number of Attaching Options that may be issued under Top Up Offer	125,000,000	142,857,143	166,666,667	200,000,000	250,000,000
Total Options on issue on completion of the Offers	640,006,532	694,470,818	767,089,865	868,756,532	1,021,256,532

Notes:

- Refer to Section 4.4 of the Prospectus for further details with respect to the Options currently on issue.

Eligible Shareholders have the opportunity to subscribe for up to \$30,000 worth of shares under the SPP Offer, at an issue price set as the lower of \$0.008 or a 20% discount to the 5-day VWAP as at the date of issue. If an Eligible Shareholder chooses not to participate in the SPP Offer, and the SPP Offer is fully subscribed, their percentage ownership in the Company will be subject to greater dilution than if they had participated in the SPP Offer.

3.4 Convertible Notes on Issue

As disclosed in the Prospectus, substantial Shareholder Peters Investments Pty Ltd, holds 3,000,000 convertible notes in the Company with a face value of \$1 per convertible note (together with \$90,000 capitalised facilitation fees and accrued interest).

On 15 February 2024, the Company received Shareholder approval under item 7 section 611 of the Corporations Act for Peters Investments Pty Ltd to increase its voting power (from a starting point above 20%) upon conversion of the notes, capitalised facilitation fees and accrued interest. The Notice of Meeting dated 10 January 2024 (pursuant to which this approval was sought) disclosed the fact that the applicable conversion price for these notes (which includes the capitalised facilitation fees and accrued interest) is the lower of:

- (a) \$0.06; and
- (b) a 20% discount to the issue price of shares and/or the exercise price of any options offered under any capital raising completed by the Company of greater than \$1,000,000 prior to the maturity date of the notes.

At the time of this approval, the prevailing conversion price was \$0.008 and section 1.4(c) of the Notice of Meeting included a table showing the effect of a change in the conversion price on the maximum voting power that Peters Investments Pty Ltd may obtain at a conversion price equal to \$0.004 (53.27% voting power), \$0.006 (45.59% voting power) and \$0.008 (40.71% voting power), subject to the applicable assumptions disclosed in the Notice of Meeting.

As the Company is seeking to raise more than \$1,000,000 under the Offers, it is noted that if the issue price of the Offers is less than \$0.008, the conversion price of these notes would be adjusted down to a 20% discount to the issue price of the Offers. By way of example, if the 5-day VWAP as at the issue date of Shares under the SPP and Placement was \$0.008, the issue price of the SPP Offer and Placement Offer would be \$0.0064, and the conversion price of these convertible notes would be adjusted down to \$0.00512.

It is noted that conversion of the notes is at the discretion of the holder and subject to any applicable constraints under the ASX Listing Rules and Corporations Act.

3.5 Use of funds

Section 4.2 (Use of funds) of the Prospectus is deleted and replaced with the following:

The funds raised from the Offers are planned to be used in accordance with the table set out below:

	ASSUMING ONLY \$1,000,000 IS RAISED PURSUANT TO BINDING COMMITMENTS UNDER THE PLACEMENT	%	FULL SUBSCRIPTION UNDER THE SPP AND PLACEMENT (\$2,000,000)	%	FULL SUBSCRIPTION UNDER THE OFFERS (\$3,000,000)	%
Product Development ¹	272,000	27.2	635,000	31.75	1,121,000	37.37
Settlement of debt and creditors ⁴	428,000	42.8	428,000	21.40	428,000	14.27
Working capital ²	144,000	14.4	761,000	38.05	1,215,000	40.50
Expenses of the Offers ³	156,000	15.6	176,000	8.80	236,000	7.87
Total	\$1,000,000	100	\$2,000,000	100	\$3,000,000	100

Notes:

1. Funds raised will be used to finalise the Felix™ clinical trials, Felix™ equine fertility study and an Oxidative Stress Measurement system study. Refer to the Company's ASX announcement dated 12 September 2024 for further details.
2. Working capital costs include the general costs associated with the management and operation of the Company's business including administration expenses, salaries, consultant fees and overheads. Based on the Company's current expenditure levels, if \$2,000,000 is raised, the funds allocated to working capital are expected to cover the matters noted in this footnote 2 for an

estimated period of approximately 3 months from settlement. If \$3,000,000 is raised, this period would extend to approximately 5 months. However, it is important to note that the Company is actively reviewing its operational costs and expenditure, and the actual duration of this "runway" may be subject to change depending on the outcomes of ongoing activities and operational reviews. Accordingly, the estimated timeframes provided are not fixed and may be adjusted based on future developments.

3. Refer to Section 7.9 of the Prospectus for further details relating to the estimated expenses of the Offers. In the event that only \$1,000,000 is raised pursuant to binding commitments under the Placement, expenses of the offer would reduce by \$20,000 on account of the reduction to the Lead Manager fees. In the event that \$3,000,000 is raised pursuant to the Offers, expenses of the offer would increase by \$60,000 on account of the increase to the Lead Manager fees.
4. Includes unpaid salaries, fees and out-of-pocket reimbursements to Directors Michael Atkins, Paul Wright and Robert Cooke from May 2024 to September 2024 (\$77,894) and fees payable to unrelated parties for investor relations services (\$70,000), corporate finance consulting services (\$60,362) and project development services (\$219,744).

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

On completion of the Placement Offer, the SPP Offer and the Top Up Offer, the Board believes the Company will have sufficient working capital to achieve the above objectives.

If between \$2,000,000 and \$3,000,000 is raised under the Offers funds raised would be prioritised towards (in order of priority): (1) meeting the expenses of the Offers, (2) settlement of debt and creditors and (3) immediate working capital expenses.

If between \$1,000,000 and \$2,000,000 is raised under the Offers, funds raised would be prioritised towards (in order of priority): (1) meeting the expenses of the Offers, (2) settlement of debt and creditors and (3) immediate working capital expenses. Product development activities would be scaled back as required, which may have a negative impact on the Company and its operations.

3.6 Details of Substantial Shareholders

Section 7.5 (Details of substantial holders) of the Prospectus is deleted and replaced with the following:

The following persons (together with their associates) have a relevant interest in 5% or more of the Shares on issue in the Company:

SHAREHOLDER ¹	SHARES	% ²
Andrew Goodall ⁴	288,646,157	19.97
Peters Investments Pty Ltd ³	261,564,791	18.10
Alison Coutts ⁵	103,963,699	7.19

Notes:

1. None of the substantial Shareholders are "associates" for the purposes of section 606 of the Corporations Act.
It is noted that as Eligible Shareholders, these parties may participate in the SPP Offer up to an amount of \$30,000. Based on a minimum of \$1,000,000 being raised under the Offers, the respective voting power of each substantial holder will not increase on account of their participation in the SPP Offer.
Otherwise, other than as disclosed in this Supplementary Prospectus, the substantial Shareholders will not be participating in the Offers.
2. Based on the total issued capital of 1,445,248,156 Shares prior to the issue of Shares under the Offers.
3. Held directly by Peters Investments Pty Ltd. In addition, Peters Investments Pty Ltd holds 3,000,000 convertible notes in the Company with a face value of \$1 per convertible note (together with

\$90,000 capitalised facilitation fees and accrued interest). Refer to Section 3.4 of the Supplementary Prospectus for further details with respect to these convertible notes.

4. *Mr Goodall is a former Director of the Company (ceased on 29 November 2023). Mr Goodall is proposed to subscribe for a maximum of \$150,000 under the Placement, representing 15% of the total funds to be raised. Given that this subscription would be less than Mr Goodall's pro-rata share (based on his current voting power), his proposed participation in the Placement will not result in any increase to his voting power.*
5. *Ms Coutts is a former Director of the Company (ceased on 29 November 2023).*

The voting power of the abovementioned substantial Shareholders on completion of the Offers will depend on whether they elect to participate in the SPP Offer and the final number of Shares issued pursuant to the Offers.

The Company confirms that no existing Shareholder will increase its Shareholding to above 19.9% as a result of the Offers.

3.7 Risk Factors

Section 6.2(a) (Going Concern) of the Prospectus is deleted and replaced with the following:

While completing the audit of the Company's annual financial report for the financial year ended 30 June 2024, the Company's auditor noted that there was a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Notwithstanding the 'going concern' qualification of matter included in the annual financial report, the Directors believe that upon the successful completion of the Offers (assuming that a total of \$2 million is raised), the Company will have sufficient funds to adequately meet the Company's short-term (4 months) working capital requirements. However, it is highly likely that further funding will be required to meet the medium (4 to 8 months) to long-term (8 months and beyond) working capital costs of the Company. However, it is important to note that the Company is actively reviewing its operational costs and expenditure, and the actual duration of this "runway" may be subject to change depending on the outcomes of ongoing activities and operational reviews. As reported in the Company's 2024 Annual Report, it is a key objective of the Company to seek commercial partnerships with appropriate stakeholders to provide financial and market support for its products. The Company's next phase in the coming year will be to leverage these industry partnerships to focus on unmet needs in the market and provide solutions to leverage untapped markets. Accordingly, the estimated timeframes provided are not fixed and may be adjusted based on future developments.

In the event that the Offers are not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern, and which is likely to have a material adverse effect on the Company's activities.

4. CONSENTS

The Company confirms that as at the date of this Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.

5. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.