

31 January 2024

Quarterly Activity Report

Q4 FY23

Highlights

- Successful listing on ASX in December 2023, with US\$13.8m in new cash for growth¹
- Unaudited total revenue of US\$0.12m, an increase of 58% from the prior quarter
- Three new customers signed during the quarter, highlighting demand for core products.
- Appointment of Steve Rankin as Chief Strategy Officer to commence 1 February 2024

Enlitic, Inc. (ASX: ENL) (“Enlitic” or “the Company”), has today released its Quarterly Activity Report and Appendix 4C for the three-month period ended 31 December 2023 (“Q4 FY23”).

Enlitic is a software development company that uses artificial intelligence to develop software products that manage medical imaging data in radiology (such as MRI, CT scans, X-ray, and ultrasound images). Enlitic licences its products to healthcare providers under a subscription-based revenue model that delivers Annual Recurring Revenue (“ARR”) to the Company.

Michael Sistenich, CEO of Enlitic, said “Enlitic has maintained its momentum through the 4th quarter of 2023 through its successful equity raising and IPO which was completed in a challenging equity market. This is a testament to the quality of our software offering and the diligent efforts of the team behind our business. As an early-stage commercial company, customer conversion can be uneven, however, we continue to be focussed on the trajectory of the business and are encouraged to have signed three new customer agreements in the fourth quarter. Our priorities throughout 2024 will be to further accelerate our commercial traction and build upon our solutions for data standardisation and harmonisation in healthcare.”

“Our listing on the ASX marks an important milestone for Enlitic. The support of new and existing shareholders provides us with a strong platform to realise the potential of our leading technology. We have an exciting path ahead”, concluded Sistenich.

¹ USD:AUD exchange rate of 0.6559, which was the published exchange rate on Bloomberg on the date of Settlement, being 12 December 2023.

Operational Highlights

Customer growth

Throughout the quarter, Enlitic continued to convert its customer opportunity pipeline with several US customer agreements moving through the proof-of-concept phase towards Licence Agreements. Open pipeline opportunities increased by US\$5.6m or 9.2%, from US\$60.8m at 30 September 2023 to US\$66.4m at 31 December 2023.² The Company signed three new License Agreements with customers for the quarter, finishing the year with 11 customers, compared to just one customer at the start of 2023. The three new customers are expected to contribute to revenue in H1 and early H2 2024. Implementation processes for all customers has commenced. These processes vary from customer to customer.

Product Development

Enlitic's software framework standardises and de-identifies patient studies and series descriptions ensuring the uniformity of medical image data. The aim is to optimise radiologists' workflow and enhance data utilisation for researchers. Improved data quality leads to better decision-making and analysis with positive economic and clinical benefits cascading downstream to other healthcare departments and staff.

The Company has two commercialised products:

- ENDEX™ standardises medical image descriptions to a consistent naming convention.
- ENCOG™ anonymises data while retaining clinically relevant content for research purposes.

ENCODE, the Company's proposed coding and reimbursement feature, is on track to be released to the market in the second half of 2024.

Development is continuing for Enlitic's ENSIGHT feature which focuses on connectivity and analysis and is expected to be released in the second half of 2025.

Leadership Team

After the end of the quarter, the Company signed an agreement with global medical imaging expert, Steve Rankin to commence as Chief Strategy Officer at Enlitic, commencing on 1 February 2024. Mr Rankin is an experienced healthcare leader with over 25 years' experience in imaging. He will work closely with the existing management team to optimise Enlitic's growth strategy and position the Company to take advantage of its ongoing opportunities in a cost-effective way to ensure maximisation of shareholder value.

² The dollar values represent the Company's estimate (based on initial discussions and assessments with each potential customer) of TCV ((the total contracted minimum licence revenue to be charged over the term (generally 3 years of contracts entered into with customers)) of the contract plus ancillary revenue (as applicable) of each customer pipeline opportunity if every such opportunity was to result in a signed Licence Agreement (and the Company has assumed each such Licence Agreement has a term of 3 years). There is no guarantee that any of the customer pipeline opportunities will result in any contracted clients or contracted revenue, and the dollar values indicated do not in any way represent an estimate of likely future revenue arising from those. It merely provides an indication of the potential size of the revenue opportunity presented by the customer pipeline opportunities.

Fourth Quarter Financial Performance & Cash Flow

Enlitic's cash balance at 31 December 2023 was US\$11.1m, up from US\$3.2m in the prior quarter primarily reflecting the proceeds from the initial public offer ("IPO") of US\$13.8m.¹ Unaudited revenue was US\$0.12m, up 58% from the prior quarter (Q3 FY23: US\$0.08m), primarily due to an increase in contribution to revenue from the Company's Japanese distribution partner, Marubeni.

Cash receipts for the quarter were US\$0.07m, which is down 40% from the US\$0.11m in the previous quarter. This decrease is a consequence of the varying payment terms adopted by customers, with one customer paying in advance in Q3 FY23. The net operating cash outflow for the period was US\$4.3m. The prior period net operating cash outflow was US\$3.3m.

Research and development costs for the quarter were US\$1.3m, 3.5% below the third quarter (Q3 FY23: US\$1.25m). Operating costs in Q4 FY23 were US\$0.2m and were in line with the previous quarter (Q3 FY23: US\$0.2m). Staff costs of US\$1.21m were down 12.1% on the previous quarter of US\$1.38m. These decreases were in line with expectations and a consequence of structural decisions enacted by the Company earlier in the year.

Marketing and advertising costs were US\$0.41m for the quarter, up from US\$0.27m in the previous quarter (Q3 FY23: US\$0.27m). This increase is in line with expectations due to the investment in attending the Radiological Society of North America conference in November 2023. Administration and corporate costs were US\$1.33m for the quarter, up from US\$0.4m during the previous quarter. This was a consequence of additional operating expenses associated with the IPO. Total IPO operating and financing costs of US\$2.4m were incurred during the quarter.

Use of Funds

A summary of the expenditure for the period ending 31 December 2023 compared with the proposed use of funds commencing from the date of Official Quotation on the ASX, as per Enlitic's Pre-Quotation Disclosure dated 18 December 2023, is outlined below:

	Per Pre-Quotation Disclosure ¹ (US\$) ²	Period ending 31 December 2023 (US\$)
Research and development program	3,812,306	512,497
Quality and regulatory compliance costs	570,167	56,616
Strategic development	415,479	30,870
Sales and marketing	3,465,840	205,809
Customer service	1,761,909	96,671
Corporate costs	1,763,787	316,900
Working capital and administrative costs	921,329	158,450
Costs of the Offer	2,147,811	2,393,934
Total	14,858,629	3,771,747

¹ As disclosed in Enlitic's Pre-Quotation Disclosure (released on 18 December 2023), this reflects the IPO proceeds of US\$13.8m along with the cash on hand of US\$1.1m prior to the receipt of IPO proceeds.

²The use of funds presented in the Company's Pre-Quotation Disclosure was presented in AUD. The amounts have been converted to USD (at a rate of 0.6707³ which was the published exchange rate at the Pre-Quotation Disclosure date) as this is the predominate transacting currency of the Company.

³Source: Bloomberg.com

The use of funds is broadly on track with Enlitic's Pre-Quotation Disclosure. Sales and marketing and customer service are proportionally lower than as stated in the Pre-Quotation Disclosure as both expense categories are not anticipated to increase until mid-2024. Both corporate costs and the costs of the offer are proportionally higher than the Pre-Quotation Disclosure relating to additional complexity associated with listing a foreign entity on the ASX.

In accordance with ASX Listing Rule 4.7C.3, cash paid for Directors and Non-Executive Directors in Q4 FY23 amounted to US\$110k in aggregate which includes salaries, travel, and reimbursement of applicable costs.

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About Enlitic

Enlitic is a software company that uses artificial intelligence to develop software products that manage medical imaging data in radiology (such as MRI, CT scans, X-ray and ultrasound images) and licences such products to healthcare providers. Enlitic's products (including its current product offering and product suite under development) seek to standardise, protect, integrate, and analyse data to create the foundation of a real-world evidence platform that has the ability to improve clinical workflows, increase efficiencies, and expand capacity. Read more at enlitic.com.

Forward-looking statements

Certain statements made during or in connection with this announcement contain or comprise certain forward-looking statements regarding the Company, its projected cash flow, financial performance, its customer contracts and customer pipeline and product development. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from

those expressed, implied or projected in any forward looking statements and no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, delays or changes in product development and realisation of customer pipeline, changes in demand, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in exchange rates and business and operational risk management.

To the maximum extent permitted by law, each of the Company, its officers, employees and advisers expressly disclaim any responsibility for the accuracy or completeness of the material contained in these forward-looking statements and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in forward-looking statements or any error or omission. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events other than required by the applicable laws, including the ASX Listing Rules. Accordingly, you should not place undue reliance on any forward-looking statement.

This announcement was authorised for release by the Board of Enlitic, Inc.

Appendix 4C

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

Name of entity

ENLITIC, INC.

ABN

ARBN 672 254 027

Quarter ended ("current quarter")

December 31 2023

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	68	410
1.2 Payments for		
(a) research and development	(1,297)	(4,352)
(b) product manufacturing and operating costs	(203)	(848)
(c) advertising and marketing	(410)	(943)
(d) leased assets	-	(311)
(e) staff costs	(1,211)	(4,020)
(f) administration and corporate costs	(1,327)	(5,153)
1.3 Dividends received (see note 3)		
1.4 Interest received	18	62
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(4,365)	(15,120)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	-	(5)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'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		
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	-	(5)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	13,771	25,361
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	-	34
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,354)	(1,354)
3.5	Proceeds from borrowings	-	50
3.6	Repayment of borrowings	-	(50)
3.7	Transaction costs related to loans and borrowings	-	(2)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	12,417	24,039

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,046	2,216
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,371)	(15,120)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(5)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12,417	24,039
4.5	Effect of movement in exchange rates on cash held	(6)	(1)
4.6	Cash and cash equivalents at end of period	11,091	11,091

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 \$US'000	Previous quarter \$US'000
5.1	Bank balances	11,091	3,157
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)	11,091	3,157

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	110

Cash Paid for Directors and Non-Executive Directors in quarter 4 amounted to US\$110k which includes salaries, travel and reimbursement of any costs.

7. Financing facilities	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'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	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
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	\$US'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,371)
8.2 Cash and cash equivalents at quarter end (item 4.6)	11,091
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	11,091
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.54
<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: N/A	
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: N/A	
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: N/A	
<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: 31 January 2024

Authorised by: the Board
(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.