

31 July 2024

Quarterly Activity Report & Appendix 4C

Q2 FY24

Highlights

- Unaudited total revenue of US\$0.08m representing a 38% decrease when compared to US\$0.13m in the prior quarter (Q1 FY24)
 - Ensign 2.0 launched 18 months ahead of schedule, expanding Enlitic's suite of available use cases
 - Three new agreements with global partners, Esaote, Clairvo Technologies and DataFirst amplify business development reach
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Enlitic, Inc. (ASX: ENL) ("Enlitic" or "the Company"), a software development company that uses artificial intelligence to develop software products that manage medical imaging data in radiology, today announces its Quarterly Activity Report and Appendix 4C for the three-month period ended 30 June 2024 ("Q2 FY24").

Michael Sistenich, CEO of Enlitic, said "In the 2nd quarter of 2024, we accelerated the development of key components of Ensign 2.0 by 18 months. This remarkable achievement brings an expanded suite of use cases to our clients' fingertips and broadens the applicability of our products. Hand in hand with this milestone, we also made significant inroads into commercialising our product suite at a global level through our new partnerships with Esaote in Europe, Clairvo Technologies in Japan and DataFirst in the US. These new partnerships extend our distribution capabilities and further strengthen our proof-of-concept momentum.

"We continue to focus on strengthening and commercialising our product offering to further bolster commercial engagement within our client pipeline and remain committed to continuous improvement and agility to adapt to the evolving demands of our customers and the healthcare industry."

Operational Highlights

Customer growth

Enlitic signed three new agreements with partners across the globe, during the quarter.¹

- Enlitic signed a new 3-year distribution agreement with Esaote, one of Europe's leading manufacturers of medical diagnostic systems.
- The Company entered into a new distribution agreement with Clairvo Technologies, distributor of state-of the art technologies to medical care fields in Japan.
- Enlitic has also signed a 3-year Marketing and Technology agreement with DataFirst Corporation.

The new partnerships build on recent customer momentum, including new contracts with Unilabs and Royal National Orthopaedic Hospital NHS Trust, accelerating commercialisation schedules and serving as an extension of Enlitic's salesforce to reach beyond the estimated serviceable market.

Enlitic has begun commercial engagement with a range of existing and potential customers following the launch of Ensign 2.0 in early June 2024. Enlitic's open pipeline opportunity at 30 June 2024 is US\$62.4m (US\$62.4m at 31 March 2024)². Enlitic continues to focus on the commercialisation of its data standardisation solutions and building its customer open opportunity pipeline.

Product Development

In June 2024, Enlitic released key components of Ensign 2.0 following the acceleration of its development roadmap for its data standardisation software, Ensign by 18 months. This milestone was accomplished by introducing enhancements in AI data models, DICOM Structured Reporting (the international standard to transmit, store, process, and display medical imaging information) and HL7 outputs (a range of global standards for the transfer of clinical and administrative health data between applications) alongside configurable standardised outputs.

¹ Refer to announcement dated 17 June 2024 for further details.

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.

Enlight 2.0 integrates the ENDEX™ data standardisation module and the ENCOG™ anonymisation module into a unified software framework, coupled with key infrastructural components required to deliver the planned common data model. The new features are successfully driving further customer and partner engagement which is expected to continue into the second half of 2024.

Enlitic continues to focus on shortening its sales cycle and the conversion of its existing client pipeline. The release of Enlightenment 2.0 has enabled us to accelerate the sales process, whereby the expected time to convert a customer from initial engagement to signing of contract is anticipated to shorten due to customers' appetites for the new product release.

Second Quarter Financial Performance & Cash Flow

Enlitic's unaudited revenue was US\$0.08m, representing a 38% decrease when compared to US\$0.13m in the prior quarter (Q1 FY24) due to an expected timing issue which was agreed in advance with a Japanese customer and is expected to be rectified in Q3. Cash receipts for the quarter were US\$0.202m, up 102% from US\$0.1m in the previous quarter. This increase is primarily a consequence of the renewal payment for a key annual contract. The net operating cash outflow for the period was US\$3.2m, a reduction of 12.7% from the previous quarter (Q1 FY24: US\$3.6m). The company is focused on cost efficiencies while it pursues growth. This is reflected by a reduction in cash expenditure in each area of the business.

Marketing and advertising costs were US\$0.07m for the quarter, down 16% in the previous quarter (Q1 FY24: US\$0.08m). Operating costs in Q2 FY24 were US\$0.19m and were down 17.8% from the previous quarter (Q1 FY24: US\$0.23m). Administration and corporate costs were US\$0.54m for the quarter, down 4.6% from US\$0.56m during the previous quarter.

Research and development costs for the quarter were US\$1.34m, a 9.7% decrease on the prior quarter (Q1 FY24: US\$1.49m). Staff costs of US\$1.25m were also down 10.7% on the previous quarter of US\$1.4m. These decreases were in line with expectations.

Enlitic's cash balance at 30 June 2024 was US\$4.3m, down from US\$7.4m in the prior quarter. Enlitic is focused on cost efficiencies at this time and has implemented cost control measures, where appropriate, to maximise its cash runway during this growth period.

Use of Funds

	Per Pre-Quotation Disclosure ¹ (US\$) ²	Period ending 30 June 2024 (US\$)
Research and development program	3,812,306	3,366,867
Quality and regulatory compliance costs	570,167	281,142
Strategic development	415,479	289,249
Sales and marketing	3,465,840	1,618,393
Customer service	1,761,909	766,350
Corporate costs	1,763,787	1,485,830
Working capital and administrative costs	921,329	1,035,141
Costs of the Offer	2,147,811	2,393,934
Total	14,858,629	11,236,906

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.

² The 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.

³ Source: Bloomberg

The use of funds is broadly in line with Enlitic's Pre-Quotation Disclosure. Sales and marketing and customer service are proportionally lower than as stated in the Pre-Quotation Disclosure however, both expense categories are anticipated to increase from 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 Q2 FY24 amounted to US\$137k in aggregate which includes salaries, travel, and reimbursement of applicable costs.

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Enquiries

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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")

June 30 2024

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (6 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	202	302
1.2 Payments for		
(a) research and development	(1,345)	(2,834)
(b) product manufacturing and operating costs	(191)	(423)
(c) advertising and marketing	(68)	(149)
(d) leased assets	-	-
(e) staff costs	(1,251)	(2,652)
(f) administration and corporate costs	(539)	(1,104)
1.3 Dividends received (see note 3)		
1.4 Interest received	30	78
1.5 Interest and other costs of finance paid	-	-
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	(3,162)	(6,782)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(8)	(18)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 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	(8)	(18)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	-	1
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 (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	1

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,442	11,091
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,162)	(6,782)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	(18)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1
4.5	Effect of movement in exchange rates on cash held	11	(9)
4.6	Cash and cash equivalents at end of period	4,282	4,282

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	4,282	7,442
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)	4,282	7,442

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	137
<i>Cash Paid for Directors and Non-Executive Directors in quarter 2 amounted to US\$137k which includes salaries, travel and reimbursement of any costs.</i>		

7.	Financing facilities <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>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
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)	(3,162)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,282
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	4,282
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.35
<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: We expect the currently level of net operating cash flows to continue.	
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: The company is actively considering possible options available to it to fund its operations. The company will update the market in due course.	
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: The company is actively considering possible options available to fund its operations (and will update the market in due course). Subject to the company obtaining such additional funding, the company expects to be able to continue its operations and meet its business objectives.	
<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 July 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.