

Advanced Human Imaging executes Binding Heads of Agreement to acquire Israeli based Physimax.

Highlights

- **AHI concludes binding heads of agreement to acquire Physimax.**
- **Physimax has developed Advanced Musculoskeletal Assessment Artificial Intelligence.**
- **Musculoskeletal conditions affect 1.71 billion people worldwide.**
- **Musculoskeletal disorders such as lower back pain cause the highest burden on healthcare systems with a prevalence of 568 million people worldwide.**
- **Musculoskeletal conditions are the leading contributor to disability worldwide, causing disability in 160 countries.**
- **Musculoskeletal conditions significantly limit mobility and dexterity, leading to early retirement from work, lower levels of well-being and reduced ability to participate in society.**
- **\$16 billion lost annually from Australian GDP due to Musculoskeletal conditions.**
- **Physimax is chosen by clinicians, elite sports teams, and the US Military.**

Advanced Human Imaging Limited (ASX: AHI) (Advanced Human Imaging or AHI) is pleased to update shareholders that it has executed a Binding Heads of Agreement (**HOA**) for the proposed acquisition of Israeli based Musculoskeletal Assessment (**MSK**) company **Physimax Technologies Limited (Physimax)**.

Under the HOA, AHI is still to conclude due diligence to AHI's satisfaction on or before 21 May 2021.

Physimax has developed and patented a revolutionary video-based objective solution that tracks & improves MSK wellness & performance by objective, data-driven analysis of musculoskeletal condition via video capture using a mobile device.

As referred to in AHI's announcement on 19 April 2021, Physimax technology automatically measures and scores mobility, stability, strength, and movement control according to evidence-based body movement patterns by real-time marker-less 2D/3D computer vision analysis (software-based, no wearables required), providing data-driven, population-specific, comparable scores, accompanied with actionable, personalized workout programs, designed, and delivered via the AI engine to the user.

Physimax has been chosen by top healthcare providers, elite sport organizations, such as NFL, NBA, MLB and pro-soccer teams, D1 colleges, US Military units, and youth academies and validated by top U.S. academic institutes with proven impact in reducing injury risk and expenses.

Physimax Machine Learning technology is commercially available for healthy individuals and patients undergoing rehabilitation through their smartphones, with 250,000 dynamic movement scans of the locomotion system already performed. Assessing a range from short-lived injuries to chronic lifelong conditions associated with ongoing functioning limitations and disability.

The self-MSK dynamic movement scans compare musculoskeletal conditions to evidence-based and analytical normative values in minutes, across a variety of populations and conditions. The service highlights body segments and performance metrics with quantified progress from a previous scan, digitally

and remotely monitoring: Wellness, injury prevention, performance improvement and therapeutic programs, sharing a set of recommended functional or rehabilitative exercises with actionable highlights in a scalable manner.

The technology is unique and patented with instant set-up, which only takes minutes to achieve a professional assessment, with real-time feedback. Physimax saves substantial time for staff and athletes that would have to attend a clinic to be assessed by an Orthopaedic surgeon or specialist.

What is an MSK assessment? The screening musculoskeletal examination (**SMSE**) is designed to provide an introduction to an objective, data-driven physical assessment of musculoskeletal structures in turn identifying multiple treatable conditions and disorders.

Musculoskeletal conditions comprise more than 150 conditions that affect the locomotor system of individuals. They range from those that arise suddenly and are short-lived, such as fractures, sprains, and strains, to lifelong conditions associated with ongoing functioning limitations and disability.

Musculoskeletal conditions are typically characterized by pain (often persistent) and limitations in mobility, dexterity, and overall level of functioning, reducing people's ability to work. Musculoskeletal conditions include conditions that affect:

- joints, such as osteoarthritis, rheumatoid arthritis, psoriatic arthritis, gout, ankylosing spondylitis.
- bones, such as osteoporosis, osteopenia and associated fragility fractures, traumatic fractures.
- muscles, such as sarcopenia.
- the spine, such as back and neck pain.
- multiple body areas or systems, such as regional and widespread pain disorders and inflammatory diseases such as connective tissue diseases and vasculitis that have musculoskeletal manifestations, for example, systemic lupus erythematosus.

Musculoskeletal conditions are also the highest contributor to the global need for rehabilitation. They are among the largest contributors to the need for rehabilitation services among children and account for approximately two-thirds of all adults in need of rehabilitation.

Vlado Bosanac, Chairman and Chief Executive Officer of Advanced Human Imaging, said:

“The musculoskeletal assessment space is seeing accelerated interest, with a number of insurance and care-based platforms having adopted Musculoskeletal assessment, being Dario Health, Hinge Health and Carrum Health, all now adding offerings within their customer care initiatives. As I previously stated Physimax would be a welcome addition to the AHI MultiScan platform. The Physimax technology has seen broad acceptance of the application worldwide with over 250,000 scans performed to date.

With the AHI on device 2D/3D capturing capabilities of our patented system, we anticipate that, should the acquisition proceed, we will further enhance the Physimax system in readiness for a global approach to these new capabilities. The Physimax technology is being used in multiple facets of care and Musculoskeletal enhancement throughout the US, Europe and Asia. The use of the platform is well documented and used by the NBA, Clinicians, US Military and Universities around the world.

AHI will continue to identify opportunities of this kind that are complementary to the AHI offering, with a view to either a partnership, or when advantageous, acquisition.”

The material terms of the HOA are disclosed as follows.

Summary of Material Terms:

| Item | Summary/Details |
|-----------------------|---|
| Parties | Advanced Human Imaging Limited (AHI) Physimax Technologies Limited (Physimax) The majority shareholders of Physimax (Vendors) |
| Condition's precedent | AHI's acquisition of 100% of the issued capital of Physimax (Acquisition) is conditional on the satisfaction or waiver of the following: <ul style="list-style-type: none"> • AHI and Physimax obtaining all required third party, regulatory and governmental approvals and consents to give effect to the Acquisition; • AHI and Physimax each completing due diligence on the other party to its satisfaction (in its sole and absolute discretion); • the holders of Physimax's issued Options agreeing to have their Physimax Options cancelled; • AHI adopting an Israeli appendix to its Incentive Option Plan; and • the issuance of a ruling by the Israeli Taxing Authority approving the deferral of taxes arising from the Acquisition, <p>(together, the Conditions).</p> <p>If the Conditions are not satisfied or waived by 30 June 2021, either party may terminate the HOA.</p> |
| Completion | The Acquisition will complete five business days after the satisfaction or waiver of the Conditions. |
| Formal agreement | While the HOA is legally binding, the parties intend to enter into a formal share sale agreement and any other agreement reasonably necessary to more fully document the terms of the Acquisition on completion of satisfactory mutual due diligence by the parties, which will be on terms consistent with the terms of the HOA. |
| Consideration | Subject to the satisfaction or waiver of the Conditions, AHI will acquire Physimax for a total consideration of USD\$6,000,000, to be satisfied by the issue US\$6,000,000 worth of AHI Shares and/or AHI Options (together, the Consideration Securities) based on the market price for AHI Shares as at Completion. |
| Voluntary escrow | 50% of the Consideration Securities issued will be subject to voluntary escrow for a period of six months from Completion. |
| Key Employee Earn Out | In addition, AHI has agreed to issue up to a further USD\$2,000,000 in AHI securities (Incentive Securities) pursuant to key employees of Physimax on terms to be agreed. |
| Shareholder approval | The issue of the Consideration Securities and the Incentive Securities is subject to shareholder approval, which will be sought at a meeting that is intended to be held in late June 2021. |

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| Subject to Due Diligence | <p>As noted above, Completion is subject to AHI conducting due diligence to its satisfaction on or before 21st May 2021.</p> <p>To date, AHI has conducted due diligence on a high-level understanding of the Physimax internal forecasts and current research and commercial partnerships and the market segment size. AHI has also conducted an internal technical evaluation on the Physimax platform/technology and the potential development and complexing of the system versus time lost to market in building such capabilities.</p> <p>AHI considers that this due diligence has been sufficient to enable price negotiation and agreement on key material terms. However, further standard due diligence is needed by AHI, in particular to confirm ownership of intellectual property and review of corporate structure/liabilities of Physimax.</p> |
| Financial Impact | <p>AHI does not expect any immediate material financial return as a result of entering into this agreement.</p> <p>Should the Acquisition proceed, AHI expects to start generating licence and other fees from the Physimax acquisition in the future (which cannot be forecast at this time).</p> |
| Governing Law | Israel |

About Physimax Technologies Limited.

Physimax Musculoskeletal capabilities empower athletes' clinicians and individuals to independently perform functional movement assessments. Instantly obtaining objective feedback with Mobility, Stability, Strength, and Movement Control scores. With instant set-up, taking only minutes for a full assessment and real-time feedback, Physimax saves precious time for clinicians, staff and athletes alike. Objective Measurements with automated screening processing ensure consistent scores regardless of who's carrying out the assessment, eliminating the need for any expertise or prior knowledge.

The comprehensive coverage Physimax offers, is a wide range of automated evidence-based functional movement tests, resulting in all-encompassing analytics that can lead to injury prevention and athletic performance enhancements. Physimax conducts comparative Athletic and musculoskeletal scores which are calculated in relation to the same level industry normative values, maximizing the accuracy of the results.

Physimax's innovative technology has been independently validated by world-leading researchers from academic institutions such as The University of North Carolina, The University of Connecticut, and the Military Academy at West Point. Physimax offers complete portability, whether you are conducting an on or off-site assessment consultation. Physimax's mobile-based travel-ready solution allows you to perform automated movement assessments anytime, anywhere. Physimax has been built to sustain large-scale assessments. Physimax is the ultimate solution for clinicians, high-performance sports, injury prevention and recovery, colleges, youth academies and tactical forces.

For more information please visit: <https://pmax.co/>

*This announcement has been approved by the board of Advanced Human Imaging Limited.

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About Advanced Human Imaging:

The Company has developed and patented a proprietary technology which enables its users to privately check, track, and accurately assess their dimensions, solely using a smartphone. AHI refers to this physical measurement and analysis tool as “BodyScan.” AHI is globalizing its technology in order to assist individuals, communities and populations live healthier lives, worldwide.

AHI’s patented technology allows individuals, via an automated system, take a series of images of themselves using a smartphone which delivers accurate and repeatable measurements across the individual’s entire body. These measurements allow the individual to understand his/her dimensions and the physical changes which they are undergoing through diet, exercise and lifestyle. Further, the images that AHI captures also provide the individual with an understanding of their health risk related to certain chronic diseases (including obesity and related diseases such as diabetes). AHI uses global standards set by the World Health Organization (WHO), and the International Diabetes Federation (IDF) when assessing and deriving this information feedback loop.

The Company has recently advanced its technology to run these complex mathematical algorithms directly on the user’s smartphone, rather than limiting that computation to the Cloud. AHI’s overarching technology strategy has been to take advantage of the mobile device’s accelerated performance, specifically by utilizing on-device general purpose Graphic Processing Units (GPU).

AHI delivers a non-invasive, highly accurate and privacy-sensitive solution which returns results within seconds. The Company leverages machine-learning and computer vision to analyze images, detect pose and joint features, and create non-personally identified data for measurement estimation. AHI takes advantage of dedicated GPU libraries such as TensorFlow Lite (Android) and Metal (Apple) to run prediction models, which have been trained with a substantial and diverse human data set proprietary to the company from around the globe, which is enabled on device to process multiple captured images in fractions of a second. The result is a solution that runs on-device and does not sacrifice speed, security or privacy. Images and private information never leave the users personal device, ensuring security and privacy standards are met across global regions and requirements. This unrivalled process allows us to produce exceptional results and simplify the output of useful, reliable, digital measurements and remove the human error otherwise present in traditional methods.

Advanced Human Imaging’s MultiScan platform simplifies the collection of bio metric measurements across the body, vital signs and skin conditions, reducing the human error present in traditional information gathering and analysis methods.

For more information please visit: www.advancedhumanimaging.com