ASX Announcement – 31 January 2022

QUARTERLY ACTIVITIES & CASHFLOW REPORT

Highlights

- US FDA regulatory clearance obtained for LiverSmart™, a new AI medical device which combines two existing regulatory-cleared Resonance Health products (FerriSmart® and HepaFat-AI®) into a single multi-parametric MRI session
- Appointment of internationally recognised leader in liver-related diseases Professor John Olynyk as the Company's Chief Medical Officer
- Key sales and marketing appointments including US Sales Manager, Global Marketing Manager, and US-based Clinical Trials Specialist, together with new sales personnel in India, South Korea, and the UK
- Signing of Patient Access to FerriSmart® Letter of Agreement with Thalassaemia International Federation, a World Health Organisation-affiliated disease advocacy organisation with 240 member associations across 62 countries
- Antisense Oligonucleotides RNA Therapeutics R&D Project laboratory testing demonstrated that the Company's ASO drug EX00A31 is well-tolerated and significantly reduced Hepatitis B viral replication, with the Company now proceeding with preclinical validation of EX00A31 against both the Hepatitis B and Hepatitis C virus in a humanized-liver mouse model
- Underlying demand for the Company's products and services remains robust with 2021 sales volumes exceeding both 2020 and 2019

Resonance Health Ltd (ASX: RHT) ("Resonance Health" or "Company") is pleased to release its Appendix 4C – Quarterly Activities & Cashflow Report for the quarter ended 31 December 2021.

Building for Growth

During the quarter Resonance Health maintained its focus on building its business strategy and capability to drive future growth, on the foundations of its established product suite, excellent technical reputation, solid market position, and revenue base.

This focus has involved three key areas of activity for the Company during the quarter – product evolution and development aligned to identified market opportunities, developing and commencing execution of a global sales and marketing strategy; key appoints to the sales and marketing and technology teams and appointment of a Chief Scientific Officer; and engagement with a key international disease advocacy group.

Product Evolution & Development

New regulatory approved AI medical device - LiverSmart™

On 13 October 2021 the Company announced the development of a new AI medical device, LiverSmart™. Regulatory approval for clinical use of LiverSmart™ in the US was granted by the US Food and Drug Administration ("FDA") at the end December 2021.

LiverSmart™ combines two existing regulatory-cleared Resonance Health AI products, FerriSmart® and HepaFat-AI®, into a single multi-parametric MRI session, avoiding the need for multiple MRI appointments, and delivering a more complete and comprehensive assessment of a person's liver.

LiverSmart™ CPT Code Eligibility

Importantly, the Company believes that LiverSmart™ may be eligible for two new United States (Category III) Current Procedural Technology ("CPT") codes recently published by the American Medical Association ("AMA") and which became active on 1 January 2022. The Company is awaiting definitive determination of LiverSmart's eligibility for these codes, from a US certified CPT coder.

CPT codes are recognized by US government agencies are used by physicians and health care professionals for systematically reporting and tracking medical services performed by healthcare providers. If the codes are confirmed as applicable to LiverSmart™ it will assist with the Company's efforts in seeking reimbursement for LiverSmart™ by private payers such as private health insurers, as well as Medicare and Medicaid.

Key Appointments

Sales & Marketing

As announced on 14 October 2021, the Company has appointed a USA Sales Manager with over 20 years medical marketing and sales experience including as Director of Global Marketing for another medical device company. The US Sales Manager will increase Resonance Health product awareness and drive sales in the Americas and attend industry conferences, including the RSNA conferences held in Chicago in December.

The Company has also appointed a Global Marketing Manager who is experienced in medical marketing, is a qualified pharmacist, speaks several languages, and whose previous roles include Sales & Marketing Director, and International Product Manager leading marketing across Europe, South-East Asia, and South America.

Other recent sales appointments include a US based clinical trial specialist to target clinical trials especially in fatty liver diseases, two new personnel in India (a large and highly prospective market where there is a high prevalence of liver-fat-and-iron diseases), and new personnel in South Korea, Germany, and the United Kingdom.

Software Development

During the quarter the Company has recruited an experienced and capable software development team, which will enable it to improve and redevelop the Company's proprietary secure customer-facing workflow management platform and accelerate product improvement and development.

Chief Medical Officer

On 24 November 2021 the Company announced that Professor John Olynyk had been appointed Chief Medical Officer ("CMO"). Prof Olynyk is an internationally recognised leader in liver-related diseases including iron-metabolism disorders, hemochromatosis, liver-injury, hepatocellular carcinoma, and non-alcoholic fatty liver disease.

Prof Olynyk's current roles include consultant Hepatologist in the Dept of Gastroenterology at Fiona Stanley Hospital (formerly Head of Gastroenterology, 2015-2020), Dean of Clinical Research & Professor of Translational Medicine at ECU, Theme Lead of Health Research at ECU, Member of the Joint Scientific Committee of Haemochromatosis International, and Medical Advisor to both Haemochromatosis Australia and Red Cross Lifeblood Australia.

Prof Olynyk will play a key role as a consultant in guiding product development and evolution to ensure the Company's products best meets the needs of clinicians and assisting relations with international clinical key opinion leaders and disease advocacy groups.

Engagement with Leading International Disease Advocacy Group

On 12 November 2021 the Company advised that it had signed a Patient Access to FerriSmart® Letter of Agreement ("LoA") with Thalassaemia International Federation (TIF). Pursuant to the LoA, TIF will deploy 500 FerriSmart® vouchers, provided by Resonance Health at no cost, across targeted low-and-middle income countries in Asia, West Pacific, and Europe. To support TIF's distribution, management, and administration, of this initiative, the Company will also provide salary support of EU10K paid in instalments over 12 months, for a dedicated and experienced TIF executive.

TIF is a World Health Organisation affiliated advocacy organisation based in Cyprus, with 240 member associations across 62 countries and with a vision of ensuring equal access to quality healthcare for every patient with thalassaemia and other haemoglobin disorders across the world. This initiative will allow patients and clinicians across the world to learn of FerriSmart® and have an opportunity to use it and benefit from it.

Molecular Medicine

On 23 November 2021 Resonance Health advised that is has further progressed its Antisense Oligonucleotides ("ASO") RNA Therapeutics Project with the filing of two additional Australian provisional patent applications covering the application of novel ASOs for the treatment of human diseases.

The ASOs are targeting three key members of the 'cyclophilin' protein family namely, cyclophilin A (CYPA), cyclophilin B (CYPB), and cyclophilin D (CYPD). Scientific research has consistently validated the medical importance of these proteins across multiple disease groups including microbial diseases such as Hepatitis B, D and C, inflammatory disorders, metabolic and fibrotic disorders, neurodegenerative and cardiovascular disorders, and cancer.

As announced on 20 December 2021, laboratory testing has demonstrated that the Company's ASO drug EX00A31 is well-tolerated and significantly reduced Hepatitis B viral replication compared to control in a cell model of disease, consistent with previous results.

The Company is now proceeding with the preclinical validation of EX00A31 against both the Hepatitis B and Hepatitis C virus in a humanized-liver mouse model and has signed a Research Services Agreement with Prof Philip Mueleman (Liver Infectious Diseases Laboratory, University of Ghent, Belgium), a world leading expert in the testing of antiviral therapeutics. The Company expects that both preclinical animal studies will be completed in the first half of 2022.

Financial & Operating Performance

Underlying demand for the Company's products and services remains robust with sales volumes exceeding both 2020 and 2019 levels. Chargeable analysis service volumes for the year ended December 2021 were 16% higher than the corresponding period in 2020 and 4% higher than 2019.

Expenditure during the quarter included a total of $337K in capitalised and non-capitalised R&D expenditure in relation to the Company's identified R&D priorities, including the LiverSmart™ project.

With respect to item 6 of the Appendix 4C cash flow report for the quarter, payments to related parties of approximately $100K were made during the quarter. This comprised of $35K of remuneration paid to non-executive directors and $65K of remuneration paid to Mr Mitchell Wells as Managing Director.

Corporate

The Company's Annual General Meeting was held on 25 November 2021, at which all resolutions put to the meeting were carried.

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This announcement has been authorised for release in accordance with the delegated authority of the Board of Directors of Resonance Health Limited.

About Resonance Health

Resonance Health is an Australian healthcare technology and services company, specialising in the development and delivery of non-invasive medical imaging software and services.

The Company's products are used globally by clinicians in the diagnosis and management of human diseases and by pharmaceutical and therapeutic companies in their clinical trials. Resonance Health has gained endorsement by leading physicians worldwide for consistently providing high quality quantitative measurements essential in the management of diseases.

Resonance Health's dedication to scientific rigour and quality management has enabled it to achieve regulatory clearances for a range of Software as a Medical Device (**SaMD**) products in the USA, Europe, and Australia and to proudly carry ISO 13485 certification for the design and manufacture of medical devices. A number of these SaMD products incorporate the use of Artificial Intelligence (**AI**):

- **FerriScan® -** provides an accurate measurement of liver iron concentration (**LIC**) through a non-invasive MRI-based technology, for use in the assessment of individuals with iron overload conditions. FerriScan is internationally recognised as the gold standard in LIC assessment.
- **FerriSmart® -** an AI-driven system for the automated real-time measurement of LIC in patients using non-invasive MRI-based technology
- **HepaFat-Scan® -** an MRI-based solution which provides a reliable non-invasive measure of liver fat in liver tissue for use in the assessment of individuals with confirmed or suspected fatty liver disease
- **HepaFat-AI® -** an AI-driven system for the automated real-time multi-metric measurement of liver fat in patients using non-invasive MRI-based technology
- **CardiacT2* -** the most widely accepted MRI based method for assessing heart iron loading. Resonance Health also offers a dual analysis of FerriScan and CardiacT2*®. CardiacT2*® has regulatory clearance from the FDA, TGA and CE Mark
- **LiverSmart™** - combines FerriSmart® and HepaFat-AI® into a single multi-parametric MRI session, avoiding the need for multiple MRI appointments and delivering a more complete and comprehensive assessment of a person's liver

The Company has an active development pipeline of additional medical imaging analysis products and services, including **Alert-PE™**, an AI tool for the automated review of chest CT scans of patients with suspected pulmonary embolism.

Appendix 4C

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

Name of entity	
Resonance Health Limited	
ABN	**Quarter ended ("current quarter")**
96 006 762 492	31 December 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	997	1,705
1.2	Payments for		
	(a) research and development	(135)	(274)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing	(285)	(390)
	(d) leased assets		
	(e) staff costs	(422)	(988)
	(f) administration and corporate costs	(439)	(674)
1.3	Dividends received (see note 3)		
1.4	Interest received	1	4
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**	**(283)**	**(617)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(52)	(102)
	(d) investments		
	(e) intellectual property	(202)	(341)
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'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**	**(254)**	**(443)**

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		
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 (security deposit)	-	(37)
3.10	**Net cash from / (used in) financing activities**	**-**	**(37)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	8,388	8,857
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(283)	(617)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(254)	(443)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(37)
4.5	Effect of movement in exchange rates on cash held	(16)	75
4.6	**Cash and cash equivalents at end of period**	**7,835**	**7,835**

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 $A'000	Previous quarter $A'000
5.1	Bank balances	6,814	7,367
5.2	Call deposits	1,021	1,021
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)**	**7,835**	**8,388**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	100
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'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**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(283)
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,835
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	7,835
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	27.69

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.

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:

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:

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.

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 2022

Authorised by: By the Board of Directors of Resonance Health Limited

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.