

14 April 2022

Ms Laura Gomme  
Adviser, Listings Compliance (Perth)  
Australian Securities Exchange

By email: [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au)

Dear Laura,

**Advanced Human Imaging Ltd: Half Year Report - Query**

Advanced Human Imaging Ltd ('AHI' or 'the Company') refers to ASX's query letter dated 8 April 2022 and provides the following responses to the specific queries set out in that letter.

As you would be aware, there has been a change made in the senior Management of AHI since the Half Year Ended 31 December 2021, with the Company appointing a new CEO and a new Company Secretary/CFO, as announced to the ASX at the time of the respective appointments (refer to the Company's ASX announcements "Advanced Human Imaging Announces Shift in Leadership" dated 15 February 2022 and "AHI Announces Appointment of new CFO and Company Secretary" dated 17 March 2022).

Capitalised terms which are defined in ASX's query letter have the same meaning where used in this letter.

**1. *Is AHI able to confirm that in the Directors' Opinion the Half Year Report:***

**a. *comply with the relevant Accounting Standards; and***

**b. *give a true and fair view of AHI's financial performance and position?***

We refer to the Directors' declaration on page 20 of the Half Year Report.

This declaration was resolved unanimously by the Directors of AHI and confirms their opinion that the Half Year Report:

- (i) complies with Australian Accounting Standard AASB134 – *Interim Financial Reporting*, and the Corporations Regulations 2001; and
- (ii) gives a true and fair view of the financial position as at 31 December 2021 and of the performance for the half year ended on that date of the consolidated entity.

**2. Please explain the basis for and the factors considered by the Directors to satisfy themselves as to the fair value of Triage Technologies Inc and whether any of the adjustments to the sum of \$3,428,754 were necessary?**

In the course of preparing the Half Year Report and as part of the audit review process, the Directors of AHI determined that the financial information provided by Triage Technologies Inc ("Triage") for the half year ended 31 December 2021 was not sufficiently detailed for the Company to determine the fair value of the investment made to date in Triage. Therefore, in reliance on the information that had been provided by Triage at the time of preparing the Half Year Report and in consultation with AHI's auditor, it was the opinion of the Directors that it was prudent to fully impair the investment AHI had made in Triage as at 31 December 2021.

**3. What steps has AHI taken since the release of the Half Year Report to obtain an unmodified audit opinion with regards to its future financial statements?**

In December 2021, the Directors of AHI engaged an expert consultant to prepare a report to assist the Directors in further assessing the fair value of the investment made in Triage. AHI did not receive this report until 8 March 2022, being 8 days after the Company has released its 2021 Half Year Financial Statements to the market.

Further to the release of the Half Year Report, Triage has provided additional financial information to the Company, including evidence of a capital raising undertaken by Triage in 2020 on arm's length commercial terms with third party investors which was based on higher valuation of Triage than the determined value of Triage at the time of AHI's initial investment in Triage.

The Directors of AHI expect that this report and the additional information will allow AHI to substantiate a fair value for its investment in Triage by the end of the current financial year ending 30 June 2022.

While the Directors of AHI cannot prejudge the future opinion of AHI's auditor, the Directors of AHI anticipate that the consultant's report and the additional information received will allow AHI to substantially reverse the provision for impairment made against AHI's investment in Triage, subject only to the auditor's confirmation at year end.

**4. What steps does AHI intend to take to obtain an unmodified audit opinion with regards to its future financial statements?**

Please refer to the response to question 3 above, which sets out the steps which AHI has taken since the release of the Half Year Report to obtain an unmodified audit opinion with regards to its future financial statements. At this stage, AHI does not intend to take any steps other than those set out in

the response to question 3 above to obtain an unmodified audit opinion with regards to its future financial statements, as it considers that those steps should be sufficient to enable the Directors of AHI to determine the fair value of the investment made in Triage.

**5. Does AHI consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under listing rule 12.1? In answering this question, please explain the basis for this conclusion. In answering this question, please comment on the nature of the AHI's current business activities.**

Yes, AHI considers that its level of operations continues to warrant the continued quotation of its securities on the ASX as required by ASX Listing Rule 12.1.

Most notably, AHI has recently achieved a listing on the NASDAQ in the USA, which in of itself supports the view that the Company's level of operations is more than sufficient to support a continued listing on the ASX (refer to the ASX announcement "Advanced Human Imaging Announces Closing of USD\$10.5 million U.S. Initial Public Offering" dated 24 November 2021").

As set out in the AHI's Quarterly Activities Report dated 31 January 2022 ("Quarterly Activities Report"), the Company has recently:

- (i) furthered the progression of the integration of AHI's CompleteScan technology into the Nexus-Vita application, for which AHI has received USD\$100,000 for an invoice for work completed to date;
- (ii) had its software development kit for both its BodyScan and FaceScan technology integrated by Bearn, a Californian based wellness technology company, which is now preparing its marketplace platform in readiness for application launch;
- (iii) concluded all definitive agreements with Toronto based Digital Health provider Cubert Inc which has developed FitTrack My Health, a preventative health screening app; and
- (iv) received a \$890k R&D rebate during the December 2021 quarter, the largest in the Company's history.

AHI continues to execute licensing and other commercial agreements with new technology partners as evidenced in ongoing and recent announcements on ASX, including the following ASX announcements:

- (i) "AHI Signs Formal Agreement with Vertica Health" (dated 7 April 2022);

- (ii) "AHI Signs Formal Agreement with Singapore based BizBaz" (dated 5 April 2022) and 'Update on MSA with BizBaz Pte Ltd' (dated 8 April 2022); and
- (iii) "AHI Concludes Formal Agreement with Nextmedicall S.A.C." (dated 25 March 2022).

The uniqueness of AHI's proprietary technology and one-of-a-kind offering is being embraced by both investors and commercial partners. AHI has 17 active partners either in design, integration, scope or working through market launch.

In addition, AHI is in discussions with a significant number of potential technology partners with operations in various jurisdictions around the world regarding potential licensing and other commercial agreements.

**6. Does AHI consider that the financial condition of AHI is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion.**

Yes, AHI considers that it has sufficient financial resources to warrant the continued quotation of its securities on the ASX as required by ASX Listing Rule 12.2.

As at the date of this letter, AHI has \$7.684 million cash at bank. As set out in the Quarterly Activities Report, AHI estimates that it has 9.58 quarters of funding available. On this basis, AHI considers that its currently available funds are more than sufficient to support the Company and its operations for beyond the next 18 months.

AHI is confident that a number of its partners will commence active engagement with their users over the course of 2022, resulting in revenue, which cannot be quantified at this point in time.

AHI achieved a listing on the NASDAQ in November 2021, with the support of Maxim Group, a well-known and respected New York Investment Bank. This resulted in a raising of USD\$10.5m, which was oversubscribed. The Company has traded USD\$319,284,260 in volume since its IPO on NASDAQ.

AHI has a proven track record of raising funds to support the Company and its operations.

**7. If the answer to questions 5 or 6 is "No", please explain what steps AHI has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rules 12.1 and 12.2.**

Not applicable.

8. ***In relation to the Half Year Report, did the Board receive the CFO and CEO declaration, as described in section 4.2 of AHI's Corporate Governance Disclosure, that in the opinion of the CFO and CEO, the financial records of AHI have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of AHI and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively?***

No, the Board did not receive the CFO and CEO declaration, as described in section 4.2 of AHI's Corporate Governance Disclosure in relation to the Half Year Report, for the reasons set out in the response to question 9 below.

9. ***If the answer to Question 8 is 'no', why did the Board not receive the CEO and CFO declaration as described in section 4.2 of AHI's Corporate Governance Disclosure?***

AHI notes that section 295A(2) of the Corporations Act 2001 requires for a declaration to be made by the CEO and CFO to the Directors of the Company for the financial year only, when a Company is subject to its annual audit. However, the Company does acknowledge that such a declaration must also be given for half-year and quarterly reports as well, in order to comply with Corporate Governance Principle 4.2 of the ASX Corporate Governance Principles and Recommendations.

As AHI's new CEO was not appointed until after the end of the half year ended 31 December 2021 (refer to the ASX announcement dated 15 February 2022), the current CEO could not give the required declaration.

As AHI's new CFO and Company Secretary was not appointed until after the lodgement of the Half Year Report (refer to the ASX announcement dated 17 March 2022), the current CFO could not give the required declaration.

AHI is currently undertaking an audit of its corporate governance policies to ensure that it continues to comply with the ASX Corporate Governance Principles.

10. ***What enquiries did the Board make of management to satisfy itself that the financial records of AHI have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of AHI?***

In relation to the Half Year Report, the Company's Audit and Risk Management Committee ("the Committee") met on 25 February 2022 to

discuss the financial statements for the half year, including, amongst other matters, the impairment of the investment in Triage.

The Committee then presented the Half Year Report to the Board at a subsequent meeting of the Board, where the Directors were encouraged by the Committee to comment on the draft half year ended financial statements. Following the recommendation made by the Committee to adopt and approve the financial statements, the Board resolved to sign-off on the Half Year Report. In making their assessment to sign off on the financial statements for the half year, AHI Directors also considered the Closing Report from the Company's auditors, PKF Perth, which was presented to them at the same time. This outlined the quality control, independence, materiality, key review matters, other significant risks and changes in accounting policy that were considered by the auditors.

Further, the Committee and management also engaged with the Company's auditors in respect to (amongst other matters) the preparation of its financial accounts and relevant financial reporting disclosures, adherence to accounting policy, fair value assessments, material assumptions to the financial statements and any recommendations to further improve the Company's internal accounting processes.

Having regard to the above, in particular the review of the Company's financial statements undertaken by Company's auditors, the Board is of the view that the Company's financial records have been properly maintained and the financial statements have been prepared in accordance with the appropriate accounting standards and give a true and fair view of the financial position and performance of AHI.

**11. *Commenting specifically on the qualified opinion, does the board consider that AHI has a sound system of risk management and internal control which is operating effectively?***

Yes, the Directors of AHI consider that the Company has a sound system of risk management and internal control, which continues to develop as the Company grows in size and operations. The Board considers that the sign-off process that is detailed in the Company's response to question 10 above is appropriate for an entity of the type and size of the Company.

Further, as stated above, AHI is currently undertaking an audit of its corporate governance policies to further ensure that this is the case.

**12. *Given the Disclaimer of opinion relates to the Auditor's inability to obtain sufficient information to verify the fair value of AHI's investment in Triage Technologies Inc, please explain how the directors satisfied themselves that the value attributed are appropriate and adheres to the current Australian***

***Accounting Standards. In answering this question, reference should be made to the underlying assumptions used by the directors in coming to this conclusion, as well as any independent valuations and the validity of the assumptions upon which these valuations are based.***

As stated in AHI's response to question 2 above, the Directors of AHI determined that the financial information provided by Triage for the half year ended 31 December 2021 was not sufficiently detailed for the Company to determine the fair value of the investment made to date in Triage. As such, it was the view of the Directors that it was prudent to fully impair the Company's investment in Triage as at 31 December 2021 in reliance on the information that had been provided by Triage at the time of preparing the Half Year Report and in consultation with AHI's auditor.

However, as noted in the response to question 3 above, in December 2021, the Directors of AHI engaged an expert consultant to prepare a report to assist the Directors in further assessing the fair value of the investment made in Triage.

Further to the release of the Half Year Report, Triage has provided additional financial information to the Company, including evidence of a capital raising undertaken by Triage in 2020 on arm's length commercial terms with third party investors which was based on a higher valuation of Triage than the determined value of Triage at the time of AHI's initial investment in Triage.

The Directors of AHI expect that this report and the additional information will allow AHI to substantiate a fair value for its investment in Triage by the end of the current financial year ending 30 June 2022.

While the Directors of AHI cannot prejudge the future opinion of AHI's auditor, the Directors of AHI anticipate that the consultant's report and the additional information received will allow AHI to substantially reverse the provision for impairment made against AHI's investment in Triage, subject only to the auditor's confirmation at year end.

**13. *Please confirm that AHI is complying with the Listing Rules and, in particular, Listing Rule 3.1.***

The Directors of AHI confirm that the Company is complying with the ASX Listing Rules, in particular ASX Listing Rule 3.1.

While AHI has impaired the value of its investment in Triage to date for the reasons outlined above, the company continues to progress the Triage transaction as outlined in its ASX releases and quarterly updates. The decision to impair the carrying value of the investment was made in the course of preparing the Half Year Report and as part of the audit review

process and was announced to the market as soon as the decision had been made (i.e. on the Directors' signing off and approving the Half Year Report for release on ASX).

Most recently, in its Quarterly Activities Report, AHI confirmed that it has completed due diligence on its partnership and investment in Triage, which included the signing of a binding license agreement and subscription agreement.

Under the terms of the license agreement, the companies expect to complete the integration of the Triage application into AHI's CompleteScan platform, with the first demonstratable "DermaScan" product expected to be made available early in 2022. This will be a demonstration product and will only be sold to jurisdictions where the medical approvals have been achieved. The Directors of AHI consider that the DermaScan component remains a key part of the Company's CompleteScan platform.

The impairment of the investment in Triage was made in the course of preparing the Half Year Report and as part of the audit review process and is not indicative of the transaction being terminated or reconsidered.

- 14. Please confirm that AHI's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of AHI with delegated authority from the board to respond to ASX on disclosure matters.**

AHI confirms that the responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by the Chairman of AHI with delegated authority from the Board to respond to ASX on disclosure matters.

Should you require any further clarification, please do not hesitate to contact us.

Yours sincerely,



**Simon Durack**

Company Secretary & Chief Financial Officer  
Advanced Human Imaging Ltd





8 April 2022

Reference: ODIN48190

Mr Simon Durack  
Advanced Human Imaging  
Suite 8, 7 The Esplanade  
Mt Pleasant WA 6153

By email: simon.durack@ahi.tech

Dear Mr Durack

**Advanced Human Imaging ('AHI'): Half Year Report - Query**

ASX refers to the following:

- A. AHI's financial report for the half year ended 31 December 2021 lodged with ASX Market Announcements Platform and released on 28 February 2022 ('Half Year Report').
- B. ASX notes that the Independent Auditor's Report attached to the Half Year Report ('Auditor's Report') contains a qualified opinion together with the Basis for qualified opinion:

*"The consolidated entity has invested a sum of \$3,428,754 in Triage Technologies Inc. This investment is fully impaired at 31 December 2021. We were unable to obtain sufficient and appropriate review evidence to confirm the fair value of the investment as at 31 December 2021. Accordingly, we could not determine whether any adjustments to this amount was necessary."*

- C. AHI's Corporate Governance Statement for 2021 lodged on the ASX Market Announcements Platform on 29 October 2021 which provides confirmation that AHI complies with recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations which states:

*"The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively."*

- D. Listing Rule 12.1 which states:

*12.1 The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued +quotation of the entity's +securities and its continued listing.*

- E. Listing Rule 12.2 which states:

*12.2 An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued +quotation of its +securities and its continued listing.*

- F. Listing Rule 19.11A which states:

*19.11A If a listing rule requires an entity to give ASX +accounts, the following rules apply.*

- (a) If the entity controls an entity within the meaning of section 50AA of the Corporations Act or is the holding company of an entity, required by any law,*

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*regulation, rule or accounting standard, or if ASX requires, the +accounts must be consolidated +accounts.*

- (b) The +accounts must be prepared to Australian accounting standards. If the entity is a +foreign entity the +accounts may be prepared to other standards agreed by ASX.*
- (c) If the listing rule requires audited +accounts, the audit must be conducted in accordance with Australian auditing standards by a registered company auditor. If the entity is a +foreign entity, the audit may be conducted in accordance with other standards agreed by ASX and may be conducted by an overseas equivalent of a registered company auditor.*
- (d) If the listing rule requires +accounts to be reviewed, the review must be conducted in accordance with Australian auditing standards. If the entity is a +foreign entity, the review may be conducted in accordance with other standards agreed by ASX. Unless the listing rule says an independent accountant may conduct the review, it must be conducted by a registered company auditor (or, if the entity is a +foreign entity, an overseas equivalent of a registered company auditor).*
- (e) If there is a +directors' declaration that relates to the +accounts, the +directors' declaration must be given to ASX with the +accounts.*
- (f) If there is a +directors' report that relates to the period covered by the +accounts, the +directors' report must be given to ASX with the +accounts.*

### **Request for information**

In light of the information contained in the Half Year Report and the Auditor's Report, and the application of the Listing Rules stated above, please respond to each of the following questions:

1. Is AHI able to confirm that in the Directors' Opinion the Half Year Report:
  - (a) comply with the relevant Accounting Standards; and
  - (b) give a true and fair view of AHI's financial performance and position?
2. Please explain the basis for and the factors considered by the Directors to satisfy themselves as to the fair value of Triage Technologies Inc and whether any of the adjustments to the sum of \$3,428,754 were necessary?
3. What steps has AHI taken since the release of the Half Year Report to obtain an unmodified audit opinion with regards to its future financial statements?
4. What steps does AHI intend to take to obtain an unmodified audit opinion with regards to its future financial statements?
5. Does AHI consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under listing rule 12.1? In answering this question, please explain the basis for this conclusion. In answering this question, please comment on the nature of the AHI's current business activities.
6. Does AHI consider that the financial condition of AHI is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion.
7. If the answer to questions 5 or 6 is "No", please explain what steps AHI has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rules 12.1 and 12.2.

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8. In relation to the Half Year Report, did the Board receive the CFO and CEO declaration, as described in section 4.2 of AHI's Corporate Governance Disclosure, that in the opinion of the CFO and CEO, the financial records of AHI have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of AHI and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively?
  9. If the answer to Question 8 is 'no', why did the Board not receive the CEO and CFO declaration as described in section 4.2 of AHI's Corporate Governance Disclosure?
  10. What enquiries did the Board make of management to satisfy itself that the financial records of AHI have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of AHI?
  11. Commenting specifically on the qualified opinion, does the board consider that AHI has a sound system of risk management and internal control which is operating effectively?
  12. Given the Disclaimer of opinion relates to the Auditor's inability to obtain sufficient information to verify the fair value of AHI's investment in Triage Technologies Inc, please explain how the directors satisfied themselves that the value attributed are appropriate and adheres to the current Australian Accounting Standards. In answering this question, reference should be made to the underlying assumptions used by the directors in coming to this conclusion, as well as any independent valuations and the validity of the assumptions upon which these valuations are based.
  13. Please confirm that AHI is complying with the Listing Rules and, in particular, Listing Rule 3.1.
  14. Please confirm that AHI's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of AHI with delegated authority from the board to respond to ASX on disclosure matters.

### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12 PM AWST Thursday, 14 April 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AHI's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require AHI to request a trading halt immediately.

Your response should be sent to me by e-mail at [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in AHI's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;

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- that you are not aware of any reason why the trading halt should not be granted; and
  - any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in AHI's securities under Listing Rule 17.3.

### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to AHI's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that AHI's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Release of correspondence between ASX and entity**

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

### **Questions**

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

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**Laura Gomme**  
Adviser, Listings Compliance (Perth)