ASX Announcement – 29 April 2022

QUARTERLY ACTIVITIES & CASHFLOW REPORT

Highlights

- Two new contracts secured for clinical trials in Resonance Health's two core disease markets of iron overload and fatty liver disease, including the first clinical trial contract in the major and underserviced Chinese market.
- Agreement signed with CARPL.ai for deployment of Resonance Health's regulatory cleared AI devices - FerriSmart® and HepaFat-AI® - on the cloud-hosted CARPL.ai platform, facilitating AI device connection to hospital and medical centre imaging storage and management systems.
- Confirmation of eligibility of Resonance Health's newest AI medical device - LiverSmart™ - for new US CPT Codes, placing the product on the path towards seeking reimbursement in the US by private payers such as private health insurers, as well as public insurers Medicare and Medicaid.
- Continued progress towards completion of enhancement projects on existing medical devices + services, aimed at broadening market access and enhancing patient and MRI centre outcomes.
- Commencement and development of a new image analysis device – CardiacT2*-AI – representing an AI version of the Company's regulatory-approved CardiacT2* that will complement Resonance Health's three existing regulatory-cleared AI products - FerriSmart®, HepaFat-AI®, and LiverSmart®.
- Robust demand for the Company's products and services with Q3 2022 sales volumes exceeding both 2021 and 2020.

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 March 2022.

Resonance Health has continued the execution of key elements of its growth strategy, achieving early revenue growth success in securing two new clinical trial contracts and entering into an agreement to deploy the Company's Artificial Intelligence ("AI") products on a cloud-based medical imaging solutions platform.

The Company also progressed the enhancement and path towards reimbursement of existing medical devices and services, as well as progressing the development of new imaging-based devices and services that complement the Company's existing software-as-a-medical-device ("SaMD") portfolio.

Two New Clinical Trials Contract Wins

During the quarter Resonance Health secured two new contracts for the provision of analytical services to companies undertaking clinical trials in the Company's two core disease markets of iron overload and fatty liver disease. Resonance Health is now providing services to 10 active clinical trials and has an active business development pipeline of further clinical trial prospects that it continues to pursue.

Hangzhou Zede Pharma-Tech Co of China – Iron Overload Treatment

As announced on 27 January 2022, Resonance Health secured the contract to provide liver-iron concentration quantification services for Hangzhou Zede Pharma-Tech Co. Ltd., a Chinese company based in Yuhang District, Hangzhou, Zhejiang, China ("Zede Pharma-Tech") for its Phase IIb clinical study to assess the safety and efficacy of a new treatment for severe iron overload in transfusion-dependent thalassemia patients aged 16 and over.

This is the first time Resonance Health has been contracted by a Chinese pharmaceutical company and it represents the Company's entry into this large market. There is a high prevalence of thalassemia in several Chinese provinces, particularly in the southern provinces of Guangxi, Yunnan, Guangdong, Fujian, and Sichuan.

The significant economic growth in China has created a vast market for advanced therapeutic/diagnostics technologies such as those offered by Resonance Health - providing the economic conditions to support access to MRI facilities and a broad roll-out of iron-overload therapies that Zede Pharma-Tech is seeking to develop.

A successful outcome from this trial will present an opportunity for Resonance Health to engage directly with Chinese Key Opinion Leaders and to pursue adoption of the Company's FerriScan® and FerriSmart® as the "diagnostics-of-choice" in managing thalassemia and other iron overload disorders in the Chinese market.

VGI Health Technology – NASH Treatment

As announced on 25 January 2022, Resonance Health secured the contract to provide liver-fat analysis services for a subsidiary of VGI Health Technology Ltd, for its clinical study on a potential new treatment for non-alcoholic steatohepatitis ("NASH"), a severe form of non-alcoholic fatty liver disease ("NAFLD").

This is the first time Resonance Health's HepaFat-AI® regulatory-approved SaMD product will be used in a third-party NASH clinical trial, validating the efficacy of the device in a clinical trial context and establishes a precedent for other clinical trial procurement efforts in the prolific and growing fatty-liver disease space.

Fatty liver disease is emerging as a major global health issue and is attracting significant attention from international pharmaceutical companies seeking to develop effective drug treatments for the disease. It is estimated that 24-30% of the global population suffers from NAFLD which roughly equates to 1.8-2.3 billion people. Of these, it is estimated that 20%, or 0.5 billion people, will also develop NASH which can cause liver damage including fibrosis and cirrhosis and which often requires immediate medical intervention. If the prevalence of NAFLD continues to rise in line with the global obesity epidemic, it is predicted that the healthcare burden of NAFLD over the next 10 years could increase to $1.005 trillion in the USA alone**.**

CARPL.ai Platform Integration & Partnership Agreement

As announced on 5 April 2022, Resonance Health entered into an agreement with CARPL.ai Inc, a Delaware, USA, corporation that provides a unique cloud-hosted platform that allows AI software devices to be connected to hospital and medical centre PACS ("Picture Archiving & Communications Systems") facilities.

Under the agreement with CARPL.ai, Resonance Health's existing regulatory approved AI devices – FerriSmart® and HepaFat-AI® - will be deployed and accessible to clinicians via the cloud-hosted CARPL platform. The platform has been deployed at leading medical and research institutions in key target markets for Resonance Health of India and Brazil, both of which exhibit high prevalence of the Company's addressed disease markets of iron overload and fatty liver disease, as well as in the USA, Australia, and Canada.

LiverSmart™ CPT Code Eligibility Confirmation

On 7 February 2022 the Company announced that it had received confirmation from an independent certifier that its new AI medical device - LiverSmart™ - is eligible for up to two new US (Category III) Current Procedural Terminology ("CPT") Codes.

This followed regulatory approval for clinical use of LiverSmart™ in the US that 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.

CPT codes are recognized by US government agencies and are used by physicians and health care professionals for systematically reporting and tracking medical services performed by healthcare providers. Confirmation of applicability of the CPT codes places LiverSmart™ firmly on the path towards being eligible for widespread reimbursement in the US by private payers such as private health insurers, as well as Medicare and Medicaid.

Medical Device Enhancement & Development

Resonance Health continued work during the quarter on enhancement of existing SaMD devices + services aimed at driving new market penetration and ensuring customer retention. Current priority projects include validating the Company's products and services for use on new-generation 3 Tesla MRI devices and validating a shorter MRI imaging protocol with the potential to reduce patient in-scanner time by 75%, thereby improving the patient experience and increasing scanner throughput. These projects have progressed successfully through proof-of-concept stage and are now in the final stages of validation.

In addition, Resonance Health has commenced development of a new image analysis device – CardiacT2*-AI – representing an AI version of the Company's regulatory-approved CardiacT2*. Once completed, the CardiacT2*-AI product is expected to provide real-time analysis and quantification of cardiac-iron levels, complementing Resonance Health's three existing regulatory-cleared AI products - FerriSmart®, HepaFat-AI®, and LiverSmart®. Through the Company's partnership with the Thalassaemia International Federation announced on 12 November 2021, clinicians in new markets are requesting this capability.

Molecular Medicine (ASO Project)

Work continued in the ASO molecular medicine R&D workstream with completion of the development, validation, and efficacy testing of all cyclophilin antisense oligonucleotide drug molecules. In parallel work, the Company is investigating novel drug delivery mechanisms to enable optimised tissue-targeting of our ASOs for improved potency and safety. An independent third party, engaged to review our patent portfolio, has substantiated the validity of the Company's claims.

The R&D (molecular) team of the Company continues to explore the application of our platform ASO technology to both liver and non-liver related diseases of high unmet need. To meet these objectives, the Company is collaborating with well-resourced and experienced groups conducting research in those areas, namely, metabolic, central nervous system disorders, and cancer. As these initiatives develop and mature, the Company will provide more detailed information.

Preliminary analysis of our lead AS3 molecule in a humanised liver animal model of Hepatitis B by the team at Ghent University (Belgium) remains inconclusive, due in part to the large variation in both the size and condition of the animals used. Given the shortcomings in the execution of the trial so far, the Company is reviewing how best to proceed, particularly considering the strong positive data obtained (and reported previously) from Dr Nadia Warner's laboratory at the Doherty Institute.

Molecular Medicine (Blood Marker Project)

As part of its ongoing Dragon 2 initiative, the Company continues to evaluate and develop blood markers with the potential to provide a cost-effective assessment of iron overload for use in countries without ready access to MRI machines. In progress to date, we have developed the necessary laboratory assays and have now commenced the validation phase of the work. The Dragon 2 initiative brings together clinical partners

in both Vietnam and Turkey with the Company to improve the care of thalassemic and non-thalassemic patients with iron-overload related diseases.

Financial & Operating Performance

Underlying demand for the Company's products and services remains robust with sales volumes for the quarter exceeding 2021, 2020 and 2019 pre-COVID levels. Chargeable analysis service volumes for Q3 FY2022 were 7% higher than the corresponding period in 2021 and 2% higher than 2020.

Expenditure during the quarter included a total of $366K in capitalised and non-capitalised R&D expenditure in relation to the Company's identified R&D priorities.

Movements in exchange rates during the quarterly adversely impacted the Company's foreign currency cash holdings. This resulted in a negative movement in the balance of cash held during the quarter of $208,000 due to this factor, as recorded in item 4.5 in the attached quarterly cash flow. Since the quarter end, favourable movements in exchange rates have resulted in an unrealised gain on foreign currency cash holdings of approximately $152,000 as at the date of this report.

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.

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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 **CardiacT2*-AI** an AI tool for the automated analysis and quantification of cardiac-iron levels and **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 March 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	911	2,616
1.2	Payments for		
	(a) research and development	(267)	(541)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing	(333)	(723)
	(d) leased assets		
	(e) staff costs	(719)	(1,707)
	(f) administration and corporate costs	(115)	(789)
1.3	Dividends received (see note 3)		
1.4	Interest received	-	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**	**(523)**	**(1,140)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(g) entities		
	(h) businesses		
	(i) property, plant and equipment	(9)	(111)
	(j) investments		
	(k) intellectual property	(99)	(440)
	(l) other non-current assets		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 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**	**(108)**	**(551)**

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	7,835	8,857
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(523)	(1,140)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(108)	(551)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(37)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(208)	(133)
4.6	**Cash and cash equivalents at end of period**	**6,996**	**6,996**

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	5,975	6,814
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)**	**6,996**	**7,835**

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)	(523)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,996
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	6,996
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	13.38

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: 29 April 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.