ASX Announcement – 25 July 2023

QUARTERLY ACTIVITIES & CASHFLOW REPORT

Highlights

- **Mr Andrew Harrison appointed CEO from 1 July 2023.**
- **Strong diagnostics and clinical trial sales resulting in higher customer receipts of $1.15M for the quarter, versus $1.05M in March 2023 quarter.**
- **Net positive cashflow from operating activities of $279K for the quarter with full year cashflow of ($157K) - close to breakeven and a material improvement on FY22 ($1,524K).**
- **Received $486.6K R&D tax incentive refund related to R&D performed in FY22.**
- **Continued progress on Liver MRI Fibrosis Project extended proof of concept.**
- **HepaFatSmart® received US FDA clearance for commercial marketing in the USA.**
- **Increased cash at bank with $6.4M at the end of the quarter, versus $6.1M at March end.**

Resonance Health Ltd (ASX: RHT) (**Resonance** or **Company**) is pleased to release its Appendix 4C and Quarterly Activities & Cashflow Report for the quarter ended 30 June 2023.

Management Transition

The Company announced the appointment of Mr Andrew Harrison as CEO, with a start date of 1 July 2023. Mr Harrison is an experienced CEO and Director of publicly listed and private companies, across a range of industries, including radiology and medical artificial intelligence (**AI**). He founded and was Managing Director of Capitol Health Limited (ASX: CAJ) one of Australia's largest radiology companies.

Mr Harrison has extensive experience in capital market transactions, technology commercialisation, local and international mergers and acquisitions, and strategic restructuring and turnaround. He has substantial international experience including in European, US, and Chinese markets and he served on the Board of Directors of Enlitic, LLC a world leading US based medical AI company.

Mitchell Wells resigned as Managing Director and will remain as a non-executive director on the Board of the Company. The Board wishes to thank Mr Wells for his achievements during his tenure especially in relation to numerous internal, operational, and technical continuous improvement projects.

Financial & Operating Performance

Strong demand in diagnostics and clinical trials resulted in customer receipts of $1.15M for the quarter and total customer receipts for FY23 of $4.33M, versus customer receipts for FY22 of $3.53M, a 23% increase.

The Company received $486K R&D tax incentive refund related to FY22 R&D in the quarter and along with strong receipts from customers this resulted in a net positive operating cashflow of $279K for the quarter and a small deficit for FY23 of ($157K).

The Company's balance sheet remains strong with a cash balance of $6.3M, an increase from the $6.1M recorded at the end of the March 2023 quarter. The Company has no debt.

With respect to item 6 of the Appendix 4C cash flow report for the quarter, payments to related parties of approximately $116K were made during the quarter. This comprised of $70K remuneration paid to Mr Mitchell Wells as Managing Director and the balance was paid to non-executive directors.

Liver MRI Fibrosis Extended Proof of Concept

The Company continues to make progress on its extended proof of concept (**EPoC**) for MRI Liver Fibrosis with agreements nearing completion to commence EPoC studies with international trial sites. In person meetings were held with one of the proposed trial sites with them strongly in support of commencing the EPoC as soon as possible following Human Research Ethics Committee (**HREC**) approval.

The EPoC studies, if successful, will allow for continued engagement with pharmaceutical companies developing treatments for chronic liver disease, particularly Non-Alcoholic Fatty Liver Disease (**NAFLD**), to further assess the commercial potential of the technology. The Company attended the European Association for Study of the Liver (**EASL**) and European Hematology Association (**EHA**) conferences in Europe during the quarter and engaged with international key opinion leaders (**KOLs**) and pharma companies active in fibrosis.

International advocacy associations and regulators, including the United States Food & Drug Administration (**US FDA**) and the LITMUS consortium (Liver Investigation: Testing Marker Utility in Steatohepatitis) in the EU, continue to highlight the urgent need for development of new, validated non-invasive biomarkers to assess liver fibrosis to accelerate drug development in NAFLD – the most common cause of chronic liver disease in North America.

HepaFatSmart® US FDA Clearance

The Company received regulatory clearance from the US FDA to market its improved AI-trained liver-fat assessment software-as-a-medical device (**SaMD**) in the USA, HepaFatSmart®. HepaFatSmart® will replace HepaFat-AI® in the United States which received US FDA regulatory clearance in December 2020.

HepaFatSmart® automatically analyses magnetic resonance images (**MRI**) for the quantitative assessment of a patient's liver fat. Specifically, it provides clinicians with three liver fat biomarkers: volumetric liver fat fraction (**VLFF**), proton density fat fraction (**PDFF**), and a steatosis grade.

Other Product Innovations

Work continued on validating a materially shortened MRI imaging protocol for FerriScan® and FerriSmart® with a targeted 75% reduction in patient MRI scanning time, thereby improving patient experience, and increasing scanner throughput. All datasets required for completion of this work were received during the quarter and the final validation of the initiative will soon commence.

Continuing on from the technical and market success of FerriScan® extension to newer 3 Tesla (**3T**) field strength MRI machines in August 2022, work continued on development of a 3T version of the Company's Cardiac-T2* cardiac-iron assessment SaMD with technical development now complete and validation underway, and documentation being prepared for a regulatory submission in the coming months.

Resonance Clinical & Clinical Trials

The Company continued development of its clinical trial capability and revenue expansion strategy during the quarter, with conversations progressing with international pharmaceutical companies engaged in or looking to engage in clinical trials in Australia. Several business development leads were progressed during the quarter with a particular focus on a large potential clinical trial to be performed in Australia, utilising a range of the Resonance Group's services.

This announcement has been authorised for release in accordance with the delegated authority of the Board of Directors of Resonance Health Ltd. For further information please contact:

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About Resonance Health

Resonance Health is an Australian healthcare technology and services company. The Company's services are used globally by clinicians in the management of human diseases and by pharmaceutical and therapeutic companies in their clinical trials. Resonance Health has gained endorsement by leading physicians worldwide for providing high quality quantitative assessments essential in managing diseases and drug development.

Resonance Health's dedication to scientific rigour and quality has enabled it to achieve regulatory clearances for a range of Software-as-Medical Devices (**SaMDs**) in the USA, Europe, UK, and Australia, and to proudly carry ISO 13485 certification for the design and manufacture of medical devices. Regulatory cleared SaMD products, some of which incorporate Artificial Intelligence (**AI**), include:

- **FerriScan®,** a core-lab product that provides an accurate assessment of liver iron concentration (**LIC**) through non-invasive MRI-based technology, for use in the assessment of individuals with iron overload conditions. Internationally recognised as the gold standard in LIC assessment.
- **FerriSmart®,** an AI-trained, non-invasive MRI-based device for the automated real-time assessment of LIC in patients, calibrated against the global gold standard, FerriScan®.
- **HepaFatScan®,** an MRI-based solution which provides a reliable non-invasive assessment of liver-fat in liver tissue for use in the assessment of individuals with confirmed or suspected fatty-liver-disease.
- **HepaFatSmart ®,** an AI-trained, non-invasive device for the automated real-time multi-metric assessment of liver-fat in patients, for the assessment of individuals with confirmed or suspected fatty liver disease.
- **LiverSmart®,** an AI-trained, non-invasive MRI-based multi-parametric device combining FerriSmart® and HepaFat-AI® into a consolidated report providing accurate assessment of LIC and liver fat.
- **CardiacT2*,** the most widely accepted MRI method for assessing heart iron loading. Resonance Health offers a dual analysis of FerriScan® and CardiacT2*. CardiacT2* is TGA and CE Marking regulatory cleared.

The Company has a development pipeline of additional medical imaging analysis products and services, including the **MRI Liver Fibrosis Project**, aimed at accurately assessing the presence and progression of liver fibrosis utilising non-invasive MRI analysis.

Stakeholders, including clinicians, patients, and shareholders, are encouraged to register their interest at www.resonancehealth.com and to follow Resonance Health on Facebook, LinkedIn, and Twitter.

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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	30 June 2023

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,158	4,334
1.2	Payments for		
	(a) research and development	(112)	(788)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing	(208)	(822)
	(d) leased assets		
	(e) staff costs	(794)	(2,940)
	(f) administration and corporate costs	(285)	(926)
1.3	Dividends received (see note 3)		
1.4	Interest received	5	25
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives	500	960
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**279**	**(157)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(g) entities		
	(h) businesses		
	(i) property, plant and equipment	-	(288)
	(j) investments		
	(k) intellectual property	(44)	(180)
	(l) other non-current assets		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 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**	**(44)**	**(468)**

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 (lease payments)	(26)	(82)
3.10	**Net cash from / (used in) financing activities**	**(26)**	**(82)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	6,102	6,783
4.2	Net cash from / (used in) operating activities (item 1.9 above)	279	(157)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(44)	(468)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(26)	(82)
4.5	Effect of movement in exchange rates on cash held	51	286
4.6	**Cash and cash equivalents at end of period**	**6,362**	**6,362**

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	5,325	5,065
5.2	Call deposits	1,037	1,037
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)**	**6,362**	**6,102**

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	116
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)	279
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,362
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	6,362
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	n/a

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: N/A

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: N/A

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: 25 July 2023

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.