
QUARTERLY ACTIVITIES & CASHFLOW REPORT

Highlights

- Invoiced revenue of \$2.08M, up significantly from previous quarters
- 1HFY24 revenue of \$3.26M, up 55% versus the 1HFY23 revenue of \$2.11M
- Cash receipts from customers of \$1.15M, up 9.5% from the March FY23 quarter of \$1.05M
- New major pharma clinical trial progressing well with \$0.93M invoiced during the quarter
- Operating cashflow of -\$0.5M, with the result influenced by the timing of invoices vs receipts
- Contracted to acquire 100% of TrialsWest Pty Ltd for \$4M upfront cash consideration and up to \$4M in additional earnout consideration
- Collaboration agreement signed with Tokyo Japan headquartered, Micron, Inc. to feature Resonance Health's imaging analysis products and services within the Japanese market
- Advanced negotiations with a complementary software-medical-device partner
- Cash at bank of \$5.32M at the end of the quarter, and no debt

Resonance Health Ltd (ASX: RHT) (**Resonance Health** or **Company**) is pleased to release its Appendix 4C and Quarterly Activities & Cashflow Report for the quarter ended 31 March 2024.

Corporate Strategy

The Company continues to progress its strategy of leveraging its large global footprint of imaging and clinical trial customers to gain a greater share of spending within the clinical trial ecosystem. During the quarter the Company both expanded its geographic reach with a Collaboration Agreement executed with Micron, Inc. in Japan, and its product and service offering with the acquisition of TrialsWest Pty Ltd (**TrialsWest**).

TrialsWest Acquisition

TrialsWest is one of Australia's most experienced and successful clinical research centres having partnered with some of the world's leading pharmaceutical and biotechnology companies to help bring new medicines and vaccines to the global community. The acquisition is expected to contribute \$2 million in revenue and \$0.65 million in EBITDA to the Resonance Health group, on an annualised basis (based on its projected FY24 full year trading performance).

Under the terms of the Share Sale Agreement signed with TrialsWest, the Company will pay upfront cash consideration of \$4 million (equivalent to 6 x FY24 forecast EBITDA), calculated on a cash-free debt-free basis. A further \$4 million may be payable to the TrialsWest vendors pursuant to an earnout arrangement which is subject to EBITDA performance targets being achieved during FY24 to FY26. Total consideration of up to \$8 million is payable if TrialsWest generates annual EBITDA of \$1.33 million in a financial period up to and including FY26. The transaction is expected to complete in the last quarter of FY24.

This acquisition is a key plank in the Company's strategy of increased commercial involvement in the clinical trial ecosystem and utilising Resonance Health's deep-domain expertise to deliver value for our global

customers. The Company intends to expand TrialsWest with the addition of new clinical trial sites and complementary acquisitions.

Collaboration with Micron

In March 2024 the Company signed a Collaboration Agreement (**Agreement**) with Tokyo, Japan, based Micron, Inc. to feature Resonance Health's imaging analysis products and services within the Japanese market. The Agreement progresses the Company's strategy of expanding into new geographies for both clinical trial and diagnostic services. Japan is among the largest pharmaceutical markets in the world with over USD \$100 billion in sales in 2021 for both prescription and non-prescription pharmaceuticals. Working with an established entity with over 20 years of experience in CRO services in the Japanese market will assist in Resonance Health's fast-tracking of growth in Japan for both its clinical trial and diagnostic services.

New Products & Service Enhancements

The Company also continues to invest in bringing new products to market, including a non-invasive liver fibrosis assessment where we continue to progress our extended proof of concept trial, along with a pipeline of product extensions and improvements including MRI shorter acquisition times, Cardiac 3T and others.

Advanced negotiations continued with complementary software-as-a-medical device (**SaMD**) vendors to refer and license their technologies providing Resonance Health with the ability to both streamline workflows and sell products to a wider audience and sell additional products to existing customers.

Major Pharma Clinical Trial

The Clinical Trial Research Agreement (**CTRA**) signed with a global major pharma and announced in August 2023 is progressing in line with expectations. The trial commenced recruiting participants during the quarter and the Company invoiced \$0.93M during the quarter in milestone payments. The CTRA is expected to generate significant revenue over the last quarter of FY24 as patient recruitment continues and milestone payment hurdles are completed. The Company has invoiced \$1.98M in milestone payments so far in the trial with a total of \$6.33M to be invoiced over the course of the trial subject to it running for its expected duration of approximately 24 months.

The delivery of services under this material services contract continues to highlight the Company's growing capabilities in the clinical trials ecosystem.

Financial & Operating Performance

Continued strong demand in diagnostics, clinical trials, and milestone CTRA payments contributed to invoiced revenue of \$2.08M for the quarter comparing favourably with the entire 1HFY24 revenue recorded of \$3.26M. This included \$0.93M invoiced for CTRA milestones achieved in the trial during the quarter.

Cash receipts from customers of \$1.15M was down from \$2.1M during the Dec Quarter and up 9.5% or \$0.1M from the pcp FY23 of \$1.05M. Timing differences between invoices issued and receipts was the main cause of net negative operating cashflow being recorded for the quarter of \$0.5M.

The Company's balance sheet remains strong with a cash balance of \$5.32M at the end of quarter. The Company has no debt. The Company is also expecting to lodge its R&D tax rebate claim during the next quarter.

With respect to item 6 of the Appendix 4C cash flow report for the quarter, payments to related parties of approximately \$86K were made during the quarter. This comprised of \$36K paid to Mr Mitchell Wells for

company secretarial and consulting services. Remuneration of \$50k was paid to non-executive directors for their service.

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. The Company also has a clinical trials business including site management operations following the TrialsWest acquisition.

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

96 006 762 492

Quarter ended ("current quarter")

31 March 2024

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	1,150	4,336
1.2 Payments for		
(a) research and development	(38)	(590)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(277)	(643)
(d) leased assets		
(e) staff costs	(1,001)	(2,527)
(f) administration and corporate costs	(365)	(1,387)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	80
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	16	76
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(511)	(655)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(10)	(220)
(d) investments		
(e) intellectual property	(43)	(106)
(f) 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	(53)	(326)

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	(55)	(113)
- Net payments for cash backed guarantees	-	(20)
3.10 Net cash from / (used in) financing activities	(55)	(133)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	5,898	6,362
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(511)	(655)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(53)	(326)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(55)	(133)
4.5	Effect of movement in exchange rates on cash held	45	76
4.6	Cash and cash equivalents at end of period	5,324	5,324

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	938	1,512
5.2 Call deposits	4,386	4,386
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)	5,324	5,898

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	86
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.

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

7. Financing facilities <i>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.</i>	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)	(511)
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,324
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	5,324
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	10.42
<i>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.</i>	
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	
<i>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.</i>	

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 2024

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.