

Singular Health Group Ltd: SHG

# ASX Announcement

31<sup>st</sup> January 2024

## ACTIVITIES REPORT FOR THE QUARTER – 31 December 2023

### Highlights

- Continued strong customer receipts of \$421,000 for the quarter (prior year December Quarter 2022: \$19,000)
- New release of 3Dicom software with key focus on portability, secure sharing of medical records, and additional functionality for anatomical education.
- First 3Dicom Enterprise Sale in United States announced in January 2024
- Patent application covering the secure, remote sharing of medical records, including the application of artificial intelligence models to files whilst in transit.

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**31<sup>st</sup> January 2024** – Medical technology company Singular Health Group Limited (ASX: SHG) (“Singular Health” or the “Company”) is pleased to provide shareholders with an operational and financial update for the Quarter ending 31<sup>st</sup> December 2023.

### Formal Appointment of Chief Executive Officer and Managing Director

The December Quarter commenced with the official appointment of Mr Denning Chong as the Chief Executive Officer and Managing Director of Singular Health. For full details, please refer to *ASX Announcement: Appointment of Managing Director and Chief Executive Officer, dated 12<sup>th</sup> October 2023*.

Denning’s appointment to the role of CEO and Managing Director followed a 6-month transition period in which he acted as interim CEO and worked closely with key management to streamline business operations and corporate structures, embrace the new enterprise-led sales strategy through Master Distributors and Sales Partners, and oversee the physical relocation of the business to the Bibra Lake premises.

### New Product Version Release with Key Focus on Portability of Medical Records

Throughout the course of 2023, Singular Health’s growing Sales Partner program, appointment of a US Master Distributor, and physical attendance in the United States has resulted in hundreds of interactions with potential and existing users of the 3Dicom software, including patients, practitioners, hospital administrators, insurance and legal companies, and large multi-nationals.

A common, recurring theme emerged from these interactions, especially in the United States, which is that the current portability of medical records is very poor and relies heavily on paper or PDF-based request forms and the transfer of medical records via CD-ROMs.

Therefore, whilst the core desktop-based 3Dicom software has been very well received and is vital in acting as a conduit between individual hospitals / health providers' PACs systems, it has been the 2D & 3D real-time rendering of medical images on smartphones with the 3Dicom Mobile app that has attracted the largest amount of interest in the United States.

Immediately prior to the December Quarter, an intensive 2-week strategy review was held with all key management personnel utilising the feedback received to refine the long-term product roadmap for the 3Dicom software.

As a result of these technical discussions, and several successful initial proofs of concept, interim improvements were released through a new version of 3Dicom and 3Dicom Mobile, enabling the receipt and viewing of not only medical images, but additional medical records to improve portability.



Figure 1: 3Dicom Patient Explainer Video

The Company is also pleased to inform shareholders that it has lodged a patent application to protect the key methodologies and concepts which underpin the secure, wireless transfer of medical records using the Company's proprietary Medical File Transfer Protocol, and also covers the use of artificial intelligence models with medical records during the transfer process.

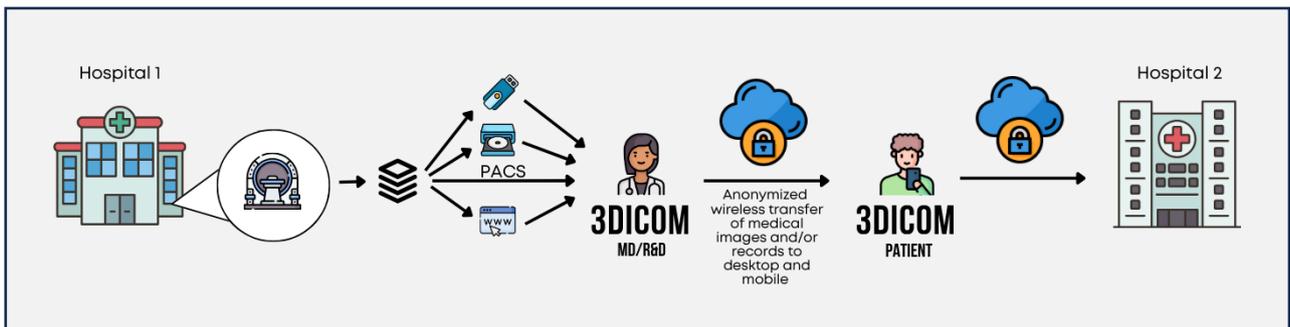


Figure 2: 3Dicom is improving portability of medical records



The refinement of the cohesive 3Dicom product suite, development of associated marketing materials, and communication of an exciting product roadmap to Sales Partners by Dr Martina Mariano, Singular Health's Global Partnerships Manager, has been key in the receipt of recent purchase orders subsequent to the Quarter.

The release of the next version of 3Dicom Mobile, expected to be in February 2024, will allow users to not only receive and interactively view their medical records, but also share them for a second opinion, all from the iPhone and Android compatible mobile application, and is hotly anticipated by CG1, Singular Health's Master Distributor in the United States, and their pipeline of potential enterprise customers.

Figure 3: 3Dicom Mobile App

The Company would like to especially recognise the efforts of the development team in the evolution of the 3Dicom software suite, and Dr Martina Mariano in her preparation of the patent application.

**First Competitive Tender Win & Enterprise Order of 3Dicom R&D for Majmaah University**

Concurrent with the growing recognition of the value provided by the 3Dicom MD and 3Dicom Patient solutions in unlocking portability and comprehension of medical records, has been a similar level of interest in the use of the 3Dicom R&D software for medical education.

The flexibility of the 3Dicom R&D solution, through a unique combination of features that allow not only for the 2D and 3D visualisation of real patient anatomy, but also for the segmentation and manipulation of anatomical structures, and overlay of medical devices, was instrumental in the Company’s first competitive tender win since inception.

In coordination with in-country vendors, the Company’s 3Dicom R&D software was selected as the educational software to be used by Majmaah University’s medical school in Saudi Arabia, refer to ASX Announcement: Enterprise Licence Order Received for 3Dicom R&D Software, dated 19<sup>th</sup> December 2023 for further details.

This initial educational enterprise order is commercial validation of qualitative feedback received by the Company and proves to demonstrate that the 3Dicom software is viewed as a competitive alternative to existing medical education softwares.

**Appointment of Advisory Board Member**



Figure 4: Samuel Straface, Ph.D

Mid-November saw the appointment of Samuel Straface, Ph.D., as a member of its Advisory Board. Now residing in Perth, Dr Straface has had a distinguished career in the United States medical device market previously holding executive roles at Johnson & Johnson, Boston Scientific Corporation, and most recently as the former CEO of Medrobotics Corporation.

Dr Straface has already been highly useful in providing feedback on the 3Dicom products and the go-to-market strategies and marketing and we look forward to continuing to leverage his wealth of knowledge and expansive networks.

**Activities Subsequent to Period End**

CY2024 has started extremely positively for the Company as the enterprise-led sales strategy begins to yield initial results in the United States. Almost immediately subsequent to the Quarter, Singular Health, through its US Master Distributor, CG1, announced a binding Purchase Order for 5,000 licenses of the 3Dicom Patient software to be used by United States veterans in the Miami-Dade County, Florida.



Figure 5: SHG received a Binding PO to supply 5,000 licenses to Veterans

Please see *ASX Announcement: First 3Dicom Enterprise Sale Received in United States, dated 11<sup>th</sup> January 2024*, for more details on this exciting milestone.

With relation to Singular 3DP, Singular Health's 3D printing division, the December Quarter saw a slowdown in the rate of new machine sales, which is expected to be a seasonal trend. Several machines were delivered and installed just prior to the Period end.

Finally, the Company's continual pursuit of innovation and product development has enabled it to enter into a non-dilutive financing arrangement for ~AUD\$300,000 with Radium Capital, secured against part of its expected FY23/24 R&D Tax Incentive Refund.

### **Business Activities Expenditure**

In accordance with ASX Listing Rule 4.7C.1, with respect to operating activities expenditure, Singular can confirm total direct operating expenditure was \$1,149,000 for the December 2023 Quarter.

The operating activities expenditure during the Quarter consisted of research and development expenses of \$118,000, product manufacturing and operating costs of \$227,000, advertising and marketing costs of \$52,000, staff costs of \$352,000, administration and corporate costs of \$186,000, lease payments of \$8,000, and interest and other payments of \$206,000.

Net cash generated in the operating activities was \$251,000 after accounting for cash inflows totalling \$1,400,000 from the receipt of the FY2023 R&D tax incentive refund, customer receipts, and other income.

### **Corporate Activities**

In accordance with Listing Rule 4.7C.3, the Company advises that payments to related parties of the entity and their associates during the Quarter amounted to \$13,000. Amounts included in 6.1 of the attached 4C relates to remuneration paid to Directors.

The Company's Annual General Meeting was convened during the Quarter on the 10<sup>th</sup> of November 2023. One resolution was withdrawn prior to the meeting, and all other resolutions were passed as detailed in the *ASX Announcement: Results of Annual General Meeting, dated 10<sup>th</sup> November 2023*.

The Company welcomes the re-election of Mr Andrew Just as a Director and the appointment of Nexia Perth Audit Services ("Nexia") as the Company's new Auditor.

As first announced on the 16<sup>th</sup> August 2023, CG1 Ventures, the venture arm of Singular Health's United States Master Distributor, is to invest up to AUD\$850,000 in Singular Health at a share price of 5.5 cents.

Following the Company's AGM, at which the issuance of the placement shares was approved by shareholders, CG1 Ventures provided a commitment to the full AUD\$850,000, through a series of monthly instalments until 6 February 2024.

As disclosed in the ASX announcement on 17<sup>th</sup> November 2023, Singular Health has the ability to utilise these instalments as they are received, and the shares and options for the placement shall only be issued at such time that CG1 Ventures has paid the committed funds in full, anticipated prior to the 6 February 2024. In the event that CG1 Ventures does not pay the full subscription amount of \$850,000, any funds paid by CG1 are non-refundable by Singular and no shares and or options are to be issued pro-rata for the amounts paid by CG1. The Company confirms it has received all monthly instalments due and payable by CG1 as of the date of this report and remains confident in the receipt of remaining funds from CG1 Ventures and completion of the investment in early February.

The Company also confirms the extension of the Tremolat loan to April 2024.

The Company looks forward to an exciting 2024 as it builds on recent enterprise licence orders for the 3Dicom software, further educational enterprise orders, and strengthens the Company’s balance sheet to drive further growth.

Authorised for release by the Board of Directors.

**Ends**

For further information contact

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**About Singular Health:**

Singular Health Group Limited (ASX: SHG) is a medical technology company utilising advanced technologies to develop patient-specific solutions.

Singular Health’s 3Dicom software solutions empower patients and practitioners to better visualise, communicate, and understand medical imaging data. 3Dicom MD® is cleared for diagnostic use in the United States.

Singular 3DP, a wholly owned subsidiary of Singular Health, uses advanced manufacturing including 3D printing and post-processing to manufacture TGA-approved patient-specific medical devices. It also provides hardware solutions as an official reseller of the 3D Systems, Kings 3D, and DyeMansion brands in the Australian and New Zealand markets.

To learn more, visit: <https://www.singular.health> and <https://investors.singular.health/>

## Appendix 4C

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

**Name of entity**

Singular Health Group Limited

**ABN**

58 639 242 765

**Quarter ended ("current quarter")**

31 December 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	421	725
1.2 Payments for		
(a) research and development	(118)	(148)
(b) product manufacturing and operating costs	(227)	(498)
(c) advertising and marketing	(52)	(89)
(d) leased assets	(8)	(26)
(e) staff costs	(352)	(682)
(f) administration and corporate costs	(186)	(449)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(143)	(155)
1.6 Income taxes paid	-	13
1.7 Government grants and tax incentives	977	977
1.8 Other	(63)	10
<b>1.9 Net cash from / (used in) operating activities</b>	<b>251</b>	<b>(320)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(41)	(46)
(d) investments	-	-
(e) intellectual property	-	-
(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	-	70
	(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	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(41)</b>	<b>24</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues/unissued of equity securities (excluding convertible debt securities)	12	412
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	530	530
3.6	Repayment of borrowings	(824)	(1,284)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – lease payments	(10)	(20)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(292)</b>	<b>(362)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	114	692
4.2	Net cash from / (used in) operating activities (item 1.9 above)	251	(320)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(41)	24

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(292)	(362)
4.5	Effect of movement in exchange rates on cash held	-	(2)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>32</b>	<b>32</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	32	114
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Joint Venture Cash Entitlement)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>32</b>	<b>114</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	13
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Payment of salary to managing director.		

7.	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	1,240	500
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	1,240	500
7.5	<b>Unused financing facilities available at quarter end</b>		0
7.6	<p>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.</p> <p>Lender: Brightstar Corporation Pty Ltd Principal: \$500,000 Interest: 15% per annum payable in equal monthly instalments in arrears Term: 6 months (16 October 2023 to 16 April 2023) Security: Secured against any present or future property, undertaking assets or revenues of the borrower.</p> <p>Lender: Tremolat Pty Ltd Principal: \$560,000 Interest: 12% per annum, paid monthly Term: 12 months (13 January 2023 to 13 January 2024) extended to 13 April 2024 Security: Secured against 3D Printing Plant and Equipment</p> <p>Lender: HP Enterprise Financial Services Principal: \$180,300 Interest: 4.76% Term: 60 months Security: Secured against Vapor Fuse Plant and Equipment</p>		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	251
8.2	Cash and cash equivalents at quarter end (item 4.6)	32
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	32
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	0.13
	<p><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></p>	

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: Yes the outflows are anticipated to continue. The R&D rebate of \$977k received was for the whole financial year and offset Cash outflows in the December quarter. Since the rebate is reflected in this December quarter, it boosted the net operating cash flows for that period. However, since this is a once-a-year event, the cash flows in the subsequent quarters might appear lower in comparison until the next rebate is received.

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: Yes, the Company signed a strategic investment as announced on 16 August 2023 with its Master Distributor for the USA, CG1 Solutions LLC ("CG1"), to invest up to \$850,000 by February 2024.

The Company has submitted an application for an R&D tax incentive refund during the quarter, anticipated to be received subsequent to January 2024, for a gross total of ~\$200k.

Due to the timing of cashflow, there are expected inflows from revenue for the December quarter to be received in February 2024 around \$200k.

Furthermore, the Company has placement capacity and ability to raise capital as and when required as previously exhibited by successfully completed previous capital raisings.

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: Yes, the Company expects to be able to continue its operations and to meet its business objectives based on its response to items 1 and 2 above.

*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.

31 January 2024

Date: .....

The Board of Directors

Authorised by: .....  
(Name of body or officer authorising release – see note 4)

## 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.