
QUARTERLY ACTIVITIES & CASHFLOW REPORT

Highlights

- Cash receipts from customers \$1.12M in line with June Quarter and up 4% from pcq FY23 \$1.07M
- New clinical trial agreement signed with global pharma worth \$6.3M over ~18 months (see ASX release 18 August 2023)
- \$1.05M revenue from the new clinical trial received (post-period) in October 2023, the first of several progress payments to be received for the new clinical trial
- Revenue recorded for the quarter up 107% to \$2.17M* from pcq FY23 of \$1.04M
- Unaudited EBITDA recorded for the quarter of ~\$600K*
- Net cashflow from operating activities was (\$663K) due in part to ~\$300K in one-off restructuring costs
- Cash at bank of \$5.7M at the end of the quarter, and currently \$6.6M
- Corporate strategy and management evolution nearing completion
- Commenced strategy of partnering with other leading SaMD providers including a partnership to enable seamless integration with Radiology PACS

** includes full revenue recognition of \$1.05M invoiced in the quarter but received post-period, in October 2023*

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 September 2023.

New Clinical Trial Agreement

In August 2023 the Company was contracted by a global pharma to provide a range of clinical trial services including clinical research organisation (**CRO**), laboratory analysis, and imaging services, for the trial of a new drug compound. The clinical trial agreement (**Agreement**) is worth an estimated \$6.33M in revenue to Resonance over the next ~18 months. The first payment under the Agreement of \$1.05M was received post-period in October 2023 but is recorded in the EBITDA and revenue figures highlighted above.

This contract win highlights Resonance's strategy of providing its technology and services to the burgeoning and highly technical global pharma and clinical trials markets.

Corporate Strategy & Management Transition

On 1 July 2023 Mr Andrew Harrison commenced as CEO of the Company. 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. He is experienced in capital markets, technology commercialisation, local and international M&A, and strategic restructuring. He has substantial 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.

During the quarter the Company also made other management changes with the commencement of a new CFO, and a VP - Business Development. Both of the appointments bring with them a wealth of experience required to drive growth and profitability.

In October 2023 (post-period) the Company issued performance rights under its Long-Term Incentive Plan (LTIP) aimed at attracting and retaining the talent required by the Group. The first of three tranches of performance rights vested during October 2023, and converted into ordinary shares in the Company.

Partnering & Radiology PACS integration

The Company has embarked on a strategy of partnering with other software-as-a-medical device (SaMD) vendors with complimentary products and services. The strategy aims to expand the range of services available for existing customers, and to develop new customer relationships through mutual reseller agreements. Initial discussions are underway with the first potential partner.

Another important customer facing strategy is to better integrate Resonance products with radiology PACs systems. Work is underway on a seamless PACs integration solution that includes native anonymisation and encryption. The benefit of this would be more streamlined workflows and reduced administrative burden for customers using our products and services.

Financial & Operating Performance

Continued strong demand in diagnostics and clinical trials resulted in customer receipts of \$1.12M for the quarter up from \$1.07M in the first quarter of FY2023. With one off restructuring costs in the quarter of almost \$300K (now complete) and the first clinical trial progress payment being received post-period, this resulted in a net negative operating cashflow of \$663K.

Revenue recorded for the quarter was \$2.17M, up 107% from the first quarter of FY2023 of \$1.04M. This resulted from the initial payment of \$1.05M for the new clinical trial. On an unaudited basis, EBITDA for the Quarter was ~\$600K, and would have been materially higher if not for the large one-off restructuring costs incurred.

The Company's balance sheet remains strong with a cash balance of \$5.7M at the end of quarter, and \$6.6M following the receipt post-period of the first progress payment for the new clinical trial of \$1.05M, which is a \$0.2M increase from the \$6.4M recorded at the end of the last 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 \$168K were made during the quarter. This comprised of \$118k paid to Mr Mitchell Wells, the majority of which were benefits relating to his resignation and transition. 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.

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")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,115	1,115
1.2 Payments for		
(a) research and development	(271)	(271)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(146)	(146)
(d) leased assets		
(e) staff costs	(1,005)	(1,005)
(f) administration and corporate costs	(431)	(431)
1.3 Dividends received (see note 3)		
1.4 Interest received	36	36
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	39	39
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(663)	(663)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(39)	(39)
(d) investments		
(e) intellectual property	(26)	(26)
(f) other non-current assets		

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 (3 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	(65)	(65)

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	(32)	(32)
	- Net payments for cash backed guarantees	(20)	(20)
3.10	Net cash from / (used in) financing activities	(52)	(52)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,362	6,362
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(663)	(663)

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 (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(65)	(65)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(52)	(52)
4.5	Effect of movement in exchange rates on cash held	78	78
4.6	Cash and cash equivalents at end of period	5,660	5,660

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	1,060	5,325
5.2	Call deposits	4,600	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)	5,660	6,362

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	168
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 <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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)	(663)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,660
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	5,660
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	8.54
<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: 30 October 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 – e.g. 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.