ASX Announcement – 28 April 2023

QUARTERLY ACTIVITIES & CASHFLOW REPORT

Highlights

- Continued substantive progress on the Company's MRI Liver Fibrosis project to develop a novel biomarker to assess liver fibrosis, aimed at helping pharmaceutical companies and clinicians combat the looming global health crisis of chronic liver disease - a key strategic priority for Resonance Health.
- Further discussions with pharma companies reiterating the current lack of accurate, non-invasive liver fibrosis biomarkers as a major obstacle to rapid drug development for fatty liver disease - highlighting potential early commercialisation opportunities for the MRI Liver Fibrosis technology.
- Liver fibrosis commercial opportunity confirmed by comparative study published by the LITMUS Consortium, an EU-funded pharmaceutical industry association, which highlighted the fundamental shortcomings of currently available biomarkers in assessing clinically significant fibrosis.
- Active discussions underway with two potential collaboration sites to pursue an Extended Proof-of-Concept study, the next phase of the MRI Liver Fibrosis Project towards commercialisation, with an estimated duration of 6 to 12 months.
- Initiated an application under the US FDA's Biomarker Qualification Program (BQP) for a Letter of Support for the MRI Liver Fibrosis project – US FDA has highlighted the urgent need for the development of new, qualified non-invasive biomarkers to assess liver fibrosis to accelerate drug development for fatty liver disease.
- Appointment of Mr Aaron Brinkworth, formerly employed by Gilead Sciences, Inc. (Nasdaq: GILD) for 22 years, as an independent Non-executive Director of the Company.
- Clinical Diagnostic Services activity highest on record, with over 2,000 patient reports issued by Resonance Health to clinicians globally during the quarter, a material increase on historical quarterly averages. AI-trained patient report volumes continue to grow through reinvigorated Channel Partner relationships and growing client engagement.

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 2023.

MRI Liver Fibrosis Project

During the quarter Resonance Health made substantive progress on its MRI Liver Fibrosis project – a key strategic priority for the Company.

The development of new non-invasive biomarkers for fibrosis is a widely recognised and urgent unmet need for drug development that is being championed by the United States Food & Drug Administration ("**US FDA**") and other regulators as an industry priority.

There are currently no comprehensively accurate, non-invasive biomarkers that can reliably measure the progression of liver fibrosis – the central measure of liver damage and disease progression in chronic liver disease.

Such biomarkers are highly sought after by large pharma companies pursuing drug development for chronic liver disease – particularly Non-Alcoholic Fatty Liver Disease ("**NAFLD**"), a looming global health crisis affecting an estimated 25% of the world's population, and a particularly active focus area for drug development.

Next Project Phase – Extended Proof of Concept Study

Following lodgement of the patent application for the MRI Liver Fibrosis invention in December 2022, Resonance Health is now actively engaged with potential collaboration partners to pursue an Extended Proof-of-Concept study ("**Extended PoC"**) – the next phase of the MRI Liver Fibrosis Project towards commercialisation.

The key objectives of the Extended PoC are to further refine the MRI Liver Fibrosis technology developed during the Initial Proof-of-Concept study, and to confirm the technology's ability to accurately assess liver fibrosis progression. The estimated duration for completion of the Extended PoC is 6 to 12 months.

Resonance Health has received strong interest from potential collaboration partners to participate in this project and the Extended PoC. The Company is now actively engaged with two international clinical trial sites to refine the Extended PoC study protocol design and finalise commercial terms. Both these sites are highly active in the treatment and assessment of chronic liver disease, particularly NAFLD.

Pharma Industry Need & Early Commercialisation Opportunities

During the quarter Resonance Health engaged in further indicative discussions with potential pharma companies active in NAFLD drug development, to further explore the demand for an MRI Liver Fibrosis technology once available. These discussions further highlighted the current lack of non-invasive biomarkers with a sufficient diagnostic accuracy as a major hindrance to rapid drug development for NAFLD.

This has been recently reiterated by the LITMUS Consortium, an EU-funded industry association aiming to develop and validate highly accurate biomarkers to allow doctors and researchers to diagnose the severity of NAFLD rapidly and easily, and which includes as members major pharma companies such as Pfizer, Gilead Sciences, Eli Lilly, Novo Nordisk, Novartis, Bristol Myers Squibb, and AstraZeneca.

Researchers from the LITMUS Consortium recently published a comparative diagnostic accuracy study of currently available non-invasive biomarkers which highlighted the fundamental shortcomings of these biomarkers in assessing clinically significant fibrosis.

Resonance Health will be attending the upcoming European Association for the Study of the Liver ("**EASL**") Annual Congress in June 2023 and will further explore opportunities with pharma companies for early commercialisation of the MRI Liver Fibrosis technology as an investigational device, prior to obtaining formal regulatory qualification or clearance.

Regulatory Engagement

The US FDA has highlighted the urgent need for the development of new, validated non-invasive biomarkers to assess liver fibrosis to accelerate drug development in NAFLD – the most chronic cause of liver disease in North America.

Resonance Health has commenced initial engagement with the US FDA under the Biomarker Qualification Program ("**BQP"**), which aims, ultimately, to formally validate biomarkers for drug development.

Based on the existing initial proof-of-concept results, the Company has commenced an application for the US FDA to issue a formal "Letter of Support" under the BQP for the MRI Liver Fibrosis Project.

A Letter of Support issued in respect of a biomarker by the US FDA is a public document that represents the first official milestone in the BQP process. While not constituting an endorsement, an US FDA Letter of

Support when issued summarises the agency's views on the biomarker concept and encourages further evaluation, based on an industry needs assessment and available evidence of the biomarker's performance.

Continued demand for Resonance Health services

Clinical Diagnostic Services – Core Lab

Resonance Health's traditional core-lab diagnostic image analysis services experienced continuing high demand at record levels in the quarter, confirming the Company's solid foundation of technically superior products and strong service delivery capability.

Market interest in the availability of the Company's flagship FerriScan® product on newer 3 Tesla field strength MRI devices continued in the quarter, with a total of 51 new 3T scanners being onboarded since the Ferriscan® service became available on these devices in August 2022.

Recent additions to the Resonance Health core-lab team, together with newly deployed system and process improvements, have generated measurable performance improvements including reduced turnaround times for customers and reduced internal re-work requirements.

Clinical Diagnostic Services – AI-Trained Automated Devices

The Company has reinvigorated its channel partner relationships as a core plank of its distribution strategy for its automated AI-trained devices. Reflecting this, the company's FerriSmart® device generated record volumes through channel partner platform deployments during the quarter, reflecting a 47% increase on the December 2022 quarter and a 360% increase on the FY2022 prior corresponding period.

Resonance Health is now actively engaged with channel partners including Siemens, Blackford, and 3DR to pursue joint sales and marketing initiatives to leverage the major benefits brought by these partnerships – particularly regarding market access, streamlined customer deployment and improved customer experience.

Clinical Trial Services

Resonance Health is engaged in multiple clinical trials, providing quantitative organ imaging assessments and related services to pharma companies undertaking clinical trials in the Company's two historical core disease markets of iron-overload and fatty liver disease. Approximately 38% of Resonance Health's revenue is derived from providing services to pharmaceutical companies undertaking clinical trials.

During the quarter the Company commenced service delivery under a significant new clinical trial contract secured in the December 2022 quarter (see ASX announcement, 11 November 2022), as well as agreeing scope expansions in two currently active clinical trials with long-term clients.

Resonance Health continues to pursue its sales pipeline for further clinical trial contract wins and is actively engaged with several prospective opportunities.

Continued medical device development & innovation

Further progress was made on several product innovations in existing Software as Medical Devices ("**SaMDs**"), aimed at broadening market access, driving new market penetration, ensuring customer retention, and enhancing patient and MRI centre outcomes.

Improvements to HepaFatScan & HepaFatSmart

Technical improvements to the HepaFatScan® and HepaFatSmart® (formerly HepaFat-AI) SaMDs were largely completed during the quarter and finalised post quarter-end. These included a redesign and retraining, and

a corresponding improved performance for the HepaFatSmart® device, for which the Company will seek FDA regulatory clearance in the US in the coming weeks.

In addition, the HepaFatScan® device was improved to incorporate a proton-density-fat-fraction (PDFF) score – the standard industry measurement for the assessment of liver fat, and a steatosis grade.

Other imaging device innovations

Work also continued validating a shorter MRI imaging protocol for FerriScan® and FerriSmart® with a potential 75% reduction in patient MRI scanner time, thereby improving patient experience and increasing scanner throughput. This has progressed successfully through the proof-of-concept stage, with additional datasets ordered to complete the validations.

Continuing on from the Company's technical and market success in extending the availability flagship FerriScan® product to newer 3 Tesla field strength MRI devices in August 2022, the Company is developing a 3T version for its Cardiac T2* cardiac-iron assessment device for broader commercial use. The Cardiac T2* 3T technical development has been completed and the device is now available and in use for Resonance Health clinical trial customers as a non-regulatory cleared investigational device. The Company is now preparing documentation for a regulatory submission in coming months.

Corporate

Appointment of Non-Executive Director

During the quarter the Company announced the appointment as a non-executive director of Mr Aaron Brinkworth, a highly experienced international pharmaceutical industry executive. Mr Brinkworth previously had a 22-year career with US headquartered, Nasdaq listed, Gilead Sciences, Inc. (Nasdaq: GILD) ("**Gilead**") that encompassed a broad range of business development, commercial, and strategic roles. During Mr Brinkworth's career Gilead grew from small biotech-pharmaceutical company to a multi-billion-dollar global pharmaceutical company with annual sales of over USD $27 billion.

Financial & Operating Performance

Demand for clinical diagnostic and clinical trial image analysis services remains strong with record patient study report generation during the quarter contributing to receipts from customers of $1.05M.

Expenditure during the quarter also included $289K of R&D costs with the continued focus on accelerating the MRI Fibrosis R&D Project and product innovation projects. The Company has lodged its Research and Development Tax Incentive Rebate application in line with the amount accrued in the financial statements as at 31 December 2022 of $0.43M.

Cash holdings in the quarter decreased by $0.48M to $6.10M, due in part to one-off costs associated with fit-out and equipment purchases for the Resonance Clinical initiative and new consolidated lab facility at Bentley Tech Park.

The group has no debt.

With respect to item 6 of the Appendix 4C cash flow report for the quarter, payments to related parties of approximately $105K were made during the quarter. This comprised of $35K of remuneration paid to non-executive directors and $70K of remuneration paid to Mr Mitchell Wells as Managing Director.

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:

Mitchell Wells – Managing Director
E: mitchellw@resonancehealth.com
P: +61 (0)8 9286 5300

Nick Allan – Chief Operating Officer
E: nicholasa@resonancehealth.com
P: +61 (0)8 9286 5300

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®,** (formerly HepaFat-AI) 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 HepaFatSmart® 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.

FOLLOW US

/Resonance-Health-Ltd /ResonanceHealth /ResonanceHealthLtd

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 2023

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	1,050	3,176
1.2	Payments for		
	(a) research and development	(289)	(676)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing	(179)	(614)
	(d) leased assets		
	(e) staff costs	(805)	(2,146)
	(f) administration and corporate costs	(174)	(641)
1.3	Dividends received (see note 3)		
1.4	Interest received	15	20
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives	-	460
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(382)**	**(421)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(g) entities		
	(h) businesses		
	(i) property, plant and equipment	(77)	(303)
	(j) investments		
	(k) intellectual property	(47)	(136)
	(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**	**(124)**	**(439)**

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)	(20)	(56)
3.10	**Net cash from / (used in) financing activities**	**(20)**	**(56)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	6,530	6,783
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(382)	(421)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(124)	(439)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(20)	(56)
4.5	Effect of movement in exchange rates on cash held	98	235
4.6	**Cash and cash equivalents at end of period**	**6,102**	**6,102**

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	5,065	5,506
5.2	Call deposits	1,037	1,024
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)**	**6,102**	**6,530**

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	105
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)	(382)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,102
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	6,102
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	15.97

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: 28 April 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.