

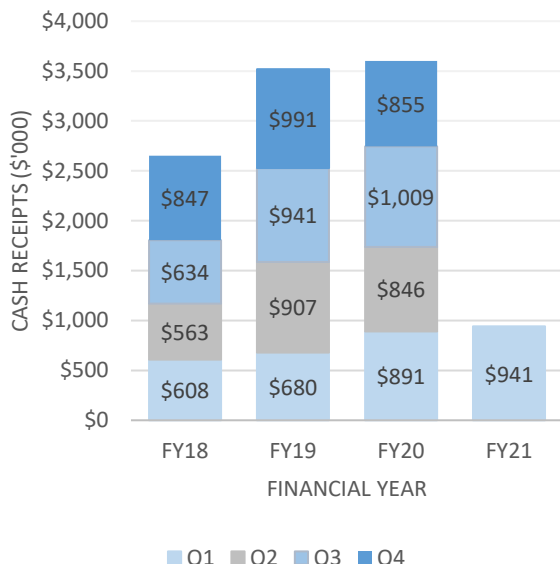
APPENDIX 4C – Q1 FY20/21 QUARTERLY REPORT

Resonance Health Limited (ASX: RHT) ("Resonance Health" or "Company") today releases its Appendix 4C – Quarterly Report for the period ended 30 September 2020.

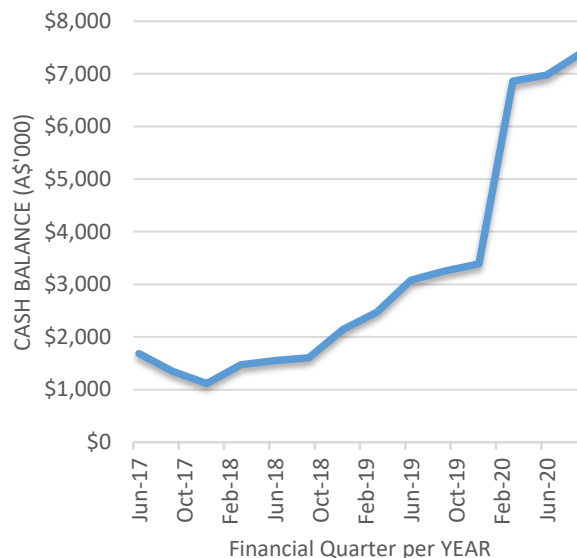
Summary of Key Financials and Business Performance for the September quarter

- Executed a license agreement with Telethon Kids Institute and Erasmus University Medical Centre for the use of computed tomography (CT) Cystic Fibrosis lung datasets. These will be used by the Company in the potential development of a new artificial intelligence (AI) algorithm for the automated assessment of lung disease progression in patients (see ASX announcement dated 10 September 2020). The first datasets have been received and are currently being processed for machine learning.
- Preparatory work was finalised for a pre-submission meeting with the US FDA regarding the Company's new artificial intelligence (AI) tool, Alerte-PE (announced post quarter-end on 6 October 2020). Alerte-PE is a tool for the automated review of chest tomography (CT) scans of patients with suspected pulmonary embolism (PE). A Pre-submission has been filed with the US FDA to discuss the requirements for a future submission for US FDA clearance of the device, with a meeting scheduled for early November. PE is estimated to be the third most common cause of death in hospitalised patients¹.
- Work is continuing on the molecular medicine project related to the application of novel Antisense Oligonucleotides (ASOs) to treat liver disease. Testing of the ASOs with an independent 3rd party is expected to commence in November. A provisional patent has been filed for this project as announced on 25 May 2020. The progression of this project is a result of work done by the molecular medicine R&D workstream, and in particular Dr Sherif Boulos (Research and Development Manager, Molecular Medicine).
- As part of the Company's Imaging R&D workstream, a study to investigate the ability of a novel non-invasive MRI method to assess liver fibrosis is progressing. Recruitment is now 50% complete, with the first stage of the fibrosis project expected to be completed by early 2021.
- R&D projects, and operations more broadly, continue to be fully funded by cashflow.
- The Company awaits feedback from the US FDA regarding its submission for regulatory clearance for HepaFat-AI.
- Cash on hand as of 30 September 2020 is \$7.39m, an increase of \$419K over the June 2020 quarter.
- Cash receipts from customers for the September 2020 quarter were \$941K, an increase of 9% versus the June 2020 quarter and an increase of 5% versus the September 2019 quarter.
- Total revenue for the September quarter of \$1.2m (*unaudited*), an increase of 31% versus the June 2020 quarter and an increase of 22% versus the September 2019 quarter.

RECEIPTS FROM CUSTOMERS



CASH BALANCE OVER TIME



Listing Rule 4.7C3

With respect to item 6 of the Appendix 4C cash flow report for the quarter, payments to related parties of approximately \$60K were made during the quarter. This comprised \$45K of remuneration paid to non-executive directors, and \$15K for consultancy services provided by Mr. Mitchell Wells through his service company, Biggles Pty Ltd (ATF the Biggles Investment Trust). Mr. Wells is a director of the Company and he is therefore a related party.

Authorised by

This announcement has been authorised for release in accordance with the delegated authority of the Board of Directors of Resonance Health Limited.

About Resonance Health

Resonance Health is an Australian healthcare company specialising in the development and delivery of noninvasive medical imaging software and services. Resonance Health has gained endorsement by leading physicians worldwide for consistently providing highest quality quantitative measurements essential in the management of particular diseases. The Company's products are used globally by clinicians in the diagnosis and management of human diseases and by pharmaceutical companies in their clinical trials. Resonance Health's dedication to scientific rigour has enabled it to achieve regulatory clearances on a number of software products (SaMD) in the US, Europe and Australia, including FerriSmart, an artificial intelligence product that quantifies iron concentration in the liver. The Company has also recently submitted a dossier for a second artificial intelligence tool (HepaFat-AI) to the US FDA, and has been working on, amongst others, an artificial intelligence tool for the assessment of images of computed tomography images of suspected cases of pulmonary embolism.

For further information please contact:

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1. Ouellette, D. What percentage of hospitalized patients have pulmonary embolism (PE).
<https://www.medscape.com/answers/300901-8452/what-percentage-of-hospitalized-patients-have-pulmonary-embolism-pe>

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 2020

| 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 | 941 | 941 |
| 1.2 Payments for | | |
| (a) research and development | (106) | (106) |
| (b) product manufacturing and operating costs | | |
| (c) advertising and marketing | (50) | (50) |
| (d) leased assets | | |
| (e) staff costs | (475) | (475) |
| (f) administration and corporate costs | (144) | (144) |
| 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 | 248* | 248* |
| 1.8 Other (provide details if material) | | |
| 1.9 Net cash from / (used in) operating activities | 450 | 450 |
| <i>*Includes \$136K from JobKeeper Payment, \$17.5K from OSR COVID-19 Grant and \$94K for PAYG Cashflow Boost</i> | | |

| | | |
|--|-----|-----|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | | |
| (b) businesses | | |
| (c) property, plant and equipment | (8) | (8) |
| (d) investments | | |
| (e) intellectual property | | |
| (f) other non-current assets | | |

| 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 | (8) | (8) |

| | | | |
|-----------|---|--|--|
| 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 (provide details if material) | | |
| 3.10 | Net cash from / (used in) financing activities | | |

| | | | |
|-----------|--|------|------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 6974 | 6974 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | 450 | 450 |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (8) | (8) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | | |
| 4.5 | Effect of movement in exchange rates on cash held | (23) | (23) |
| 4.6 | Cash and cash equivalents at end of period | 7393 | 7393 |

| 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 | 7393 | 6974 |
| 5.2 | Call deposits | | |
| 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) | 7393 | 6974 |

**6. Payments to related parties of the entity and their
associates**

6.1 Aggregate amount of payments to related parties and their
associates included in item 1

6.2 Aggregate amount of payments to related parties and their
associates included in item 2

**Current quarter
\$A'000**

60

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

| Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|-------------------------------------|
| | |
| | |
| | |
| | |

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) | 450 |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 7393 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 7393 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 16 |

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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

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:

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:

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: 26 October 2020

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.