

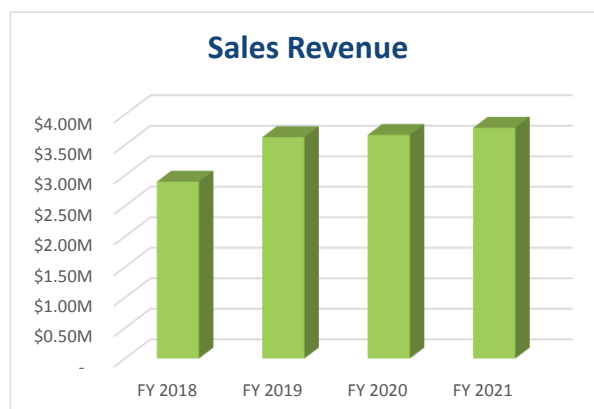
Appendix 4E Preliminary Final Report

Resonance Health Limited (ASX: RHT) (“Resonance Health” or the “Company”) announces its Appendix 4E - Preliminary Final Report for FY2021.

Sales Revenue

Sales revenue for the year was \$3.78 million, a 3% increase on the previous year of \$3.67 million which was achieved despite the impact of COVID-19 due to global lockdowns and accessibility issues for patients to scanning centres during the global pandemic.

31% of sales revenue for the year was derived from the United States and Canada with the UK contributing 21% and the balance spread across Europe, Australia and Asia. Commercial revenue accounted for 59% of total revenue with clinical trials and other studies making up the balance. Receipts from customers were \$3.68 million, up 2% from the previous year’s result.



Net Profit After Tax

The Company recorded a Net Profit after Tax for the year of \$585,858, compared with a Net Loss after Tax for FY2020 of \$715,076.

Research and Development Activities

Resonance Health recorded a number of significant achievements during the year in respect of its artificial intelligence (“AI”), imaging and molecular medicine R&D workstreams:

- **FerriSmart** – The Company reached agreement for the incorporation of Resonance’s FerriSmart AI-based liver-iron concentration measurement tool into the Siemens Healthineers Digital Marketplace. This follows previous agreements allowing FerriSmart to be sold as part of 3DR’s post-processing services to their customers in the United States and via Blackford Analysis’s platform.
- **HepaFat-AI** – The Company achieved regulatory clearance from the US Food & Drug Administration (“FDA”), the Australian Therapeutic Goods Administration (“TGA”) and European CE Marking for HepaFat-AI, the Company’s fully automated AI-based liver fat quantification tool (see ASX announcements dated 9 December 2020, 18 February 2021 and 24 February 2021). In addition, the HepaFat-AI technology was integrated into channel partner Blackford Analysis’s platform during the year pursuant to an Alliance Partner Agreement (see ASX announcement 24 December 2020).
- **Alert-PE** – The Company continued to develop its Alert-PE tool, a radiological software tool that performs fully automated AI identification of pulmonary embolism (“PE”) using computer tomography pulmonary angiogram (“CTPA”) scans. The Company is progressing the Alert-PE product through validation of its performance and has recently (post period) lodged an application for a pre-submission meeting with the FDA.
- **Antiviral Therapies Project** - The Company has also progressed its molecular medicine R&D workstream aimed at treating liver-related diseases. Following testing the Company has selected a lead antisense

oligonucleotide (“ASO”) compound which has been named AS3 and which is intended to target a human host protein essential to the lifecycle of numerous human viruses, including Hepatitis B (“HBV”). In a preclinical cell model of HBV infection, AS3 demonstrated statistically significant viral suppression compared to a control ASO. In view of the positive data and market opportunity, the Company has extended the testing program to include other important viral diseases and has commenced a liver dosing study in humanized liver mice.

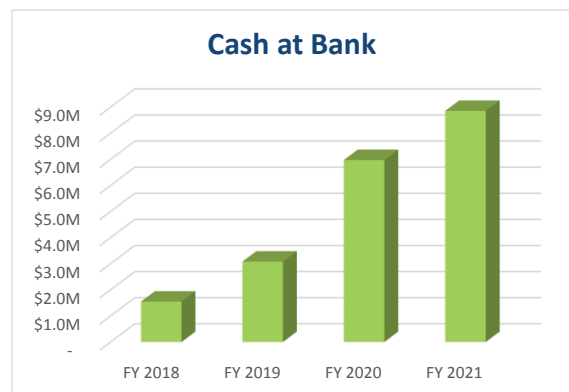
As part of these R&D workstreams, the Company received an R&D tax incentive of \$242,334 for eligible R&D work expended by the Company for the financial year ended 30 June 2021.

The Company continues to assess opportunities to expand its core business, with R&D expenditure targeted specifically towards the diversification of in-house R&D projects by establishing three key areas of focus, artificial intelligence, imaging, and molecular medicine.

Cash at Bank

Cash at Bank as at 30 June 2021 totaled \$8.86 million, in comparison to the 30 June 2020 cash balance of \$6.97 million which reflected strong Cash Flows from Operating Activities during the year of \$1.17 million. The financial year included an R&D tax incentive refund of \$242,334 and \$1.25 million from the issue of fully paid ordinary shares on the exercise of options.

The Company has no debt.



Management Changes and Strategy for Growth

Mr. Mitchell Wells was appointed Managing Director on 28 June 2021 following the resignation of Ms. Alison Laws as CEO of Resonance Health. Mr. Wells commenced working with Resonance Health in April 2017. He initially provided strategy, contract, and corporate advisory services and in early 2018 he was invited to join the Board of Directors. He has served as a Director and a consultant of the Company since February 2018. Mr. Nicholas Allan was appointed Chief Financial Officer and Company Secretary during the year. Post year end, Mr. Ajay Nair was appointed as GM – Global Sales & Marketing.

Going into FY2021 the Company is focused on pursuing organic revenue growth from its existing regulatory-approved product suite, building product and brand awareness in its current and new markets, pursuing strategic alliances to accelerate product distribution and progressing its R&D portfolio toward clinical validation and regulatory approval.

About Resonance Health

Resonance Health is an Australian healthcare technology and services company, specialising in the development and delivery of noninvasive medical imaging software and services.

The Company’s products are used globally by clinicians in the diagnosis and management of human diseases and by pharmaceutical and therapeutic companies in their clinical trials. Resonance Health has gained endorsement by leading physicians worldwide for consistently providing high quality quantitative measurements essential in the management of particular diseases.

Resonance Health’s dedication to scientific rigour and quality management has enabled it to achieve regulatory clearances for a range of Software as a Medical Device (**SaMD**) products in the US, Europe, and Australia and to proudly carry ISO 13485 certification for the design and manufacture of medical devices. A

number of these SaMD products incorporate the use of Artificial Intelligence (AI) in order to improve speed and efficiency of service delivery:

- **FerriScan®** - provides an accurate measurement of liver iron concentration (LIC) through a non-invasive MRI-based technology, for use in the assessment of individuals with iron overload conditions. FerriScan is internationally recognised as the gold standard in LIC assessment
- **FerriSmart®** - an AI-driven system for the automated real-time measurement of LIC in patients using non-invasive MRI-based technology
- **HepaFat-AI®** - an AI-driven system for the automated real-time multi-metric measurement of liver fat in patients using non-invasive MRI-based technology, for use in the assessment of individuals with confirmed or suspected fatty liver disease

The Company has an active development pipeline of additional medical imaging analysis products and services, including, **ALERTE-PE®**, an AI tool for the automated review of chest CT scans of patients with suspected pulmonary embolism.

For further information please contact:

Mitchell Wells – Managing Director

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



RESONANCE HEALTH LIMITED
(ABN 96 006 762 492)

APPENDIX 4E

PRELIMINARY FINAL REPORT

30 JUNE 2021

This report has been prepared in compliance
with ASX Listing Rule 4.3A

For personal use only

Resonance Health Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity: Resonance Health Limited
ABN: 96 006 762 492
Reporting period: For the year ended 30 June 2021
Previous period: For the year ended 30 June 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	3.0% to	3,778,914
Profit from ordinary activities after tax attributable to the owners of Resonance Health Limited	up	181.9% to	585,858
Profit for the year attributable to the owners of Resonance Health Limited	up	181.9% to	585,858

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The profit for the Group after providing for income tax amounted to \$585,858 (30 June 2020: loss of \$715,076).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>2.00</u>	<u>1.66</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited.

11. Attachments

Details of attachments (if any):

The Appendix 4E Preliminary final report of Resonance Health Limited for the year ended 30 June 2021 is attached.

12. Signed

Signed M. P. Blake

Date: 30 August 2021

Dr Martin Blake
Chairman
Perth, Western Australia

- | | | | |
|-------------------------------------|--|--------------------------|--|
| <input type="checkbox"/> | The accounts have been audited. | <input type="checkbox"/> | The accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |

Resonance Health Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

		Consolidated	
	Note	2021 \$	2020 \$
Revenue	2	3,778,914	3,668,184
Other income	3	243,577	231,239
Expenses			
Marketing & travel		(241,051)	(236,457)
Consulting and professional services		(135,264)	(108,822)
Share-based payments		(34,227)	(1,851,223)
Employee benefits expense		(1,970,270)	(1,719,589)
Research and development		(393,925)	(152,280)
Statutory and compliance		(211,628)	(215,917)
Depreciation expense		(74,993)	(75,364)
Amortisation expense		(289,166)	(265,208)
Foreign exchange loss		(88,243)	(4,024)
Other expenses		(240,200)	(223,239)
Profit/(loss) before income tax benefit		343,524	(952,700)
Income tax benefit	4	242,334	237,624
Profit/(loss) after income tax benefit for the year attributable to the owners of Resonance Health Limited		585,858	(715,076)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Resonance Health Limited		585,858	(715,076)
		Cents	Cents
Basic earnings/(loss) per share	14	0.13	(0.17)
Diluted earnings/(loss) per share	14	0.13	(0.17)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Resonance Health Limited
Statement of financial position
As at 30 June 2021

	Note	Consolidated	
		2021	2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	8,856,820	6,974,237
Trade and other receivables		790,375	765,606
Other assets		43,008	39,871
Total current assets		<u>9,690,203</u>	<u>7,779,714</u>
Non-current assets			
Property, plant and equipment		52,481	27,431
Right-of-use assets	6	55,925	111,849
Intangibles	7	2,594,630	2,532,122
Other assets		45,900	45,900
Total non-current assets		<u>2,748,936</u>	<u>2,717,302</u>
Total assets		<u>12,439,139</u>	<u>10,497,016</u>
Liabilities			
Current liabilities			
Trade and other payables	8	492,508	385,272
Lease liabilities	9	60,105	55,998
Provisions	10	26,924	75,821
Other liabilities	11	32,201	13,843
Total current liabilities		<u>611,738</u>	<u>530,934</u>
Non-current liabilities			
Lease liabilities	9	-	60,105
Total non-current liabilities		<u>-</u>	<u>60,105</u>
Total liabilities		<u>611,738</u>	<u>591,039</u>
Net assets		<u>11,827,401</u>	<u>9,905,977</u>
Equity			
Issued capital	12	73,882,788	72,565,449
Reserves		2,064,177	2,045,950
Accumulated losses		(64,119,564)	(64,705,422)
Total equity		<u>11,827,401</u>	<u>9,905,977</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Resonance Health Limited
Statement of changes in equity
For the year ended 30 June 2021

	Issued capital \$	Foreign currency translation reserve \$	Options reserve \$	Accumulated losses \$	Total equity \$
Consolidated					
Balance at 1 July 2019	69,674,199	(270,580)	480,307	(63,990,346)	5,893,580
Loss after income tax benefit for the year	-	-	-	(715,076)	(715,076)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(715,076)	(715,076)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 12)	2,891,250	-	-	-	2,891,250
Share-based payments (note 15)	-	-	1,836,223	-	1,836,223
Balance at 30 June 2020	<u>72,565,449</u>	<u>(270,580)</u>	<u>2,316,530</u>	<u>(64,705,422)</u>	<u>9,905,977</u>

	Issued capital \$	Foreign currency translation reserve \$	Options reserve \$	Accumulated losses \$	Total equity \$
Consolidated					
Balance at 1 July 2020	72,565,449	(270,580)	2,316,530	(64,705,422)	9,905,977
Profit after income tax benefit for the year	-	-	-	585,858	585,858
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	585,858	585,858
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 12)	1,250,000	-	-	-	1,250,000
Share-based payments (note 15)	67,339	-	18,227	-	85,566
Balance at 30 June 2021	<u>73,882,788</u>	<u>(270,580)</u>	<u>2,334,757</u>	<u>(64,119,564)</u>	<u>11,827,401</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Resonance Health Limited
Statement of cash flows
For the year ended 30 June 2021

	Note	Consolidated	
		2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		3,679,488	3,601,142
Payments to suppliers and employee		<u>(3,102,424)</u>	<u>(2,654,492)</u>
		577,064	946,650
Interest received		45,624	47,639
Interest and other finance costs paid		(4,103)	(9,135)
Grants received		307,595	88,000
Income taxes refunded	4	<u>242,334</u>	<u>237,624</u>
Net cash from operating activities	13	<u>1,168,514</u>	<u>1,310,778</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(44,119)	(2,106)
Payments for intangibles	7	<u>(351,674)</u>	<u>(248,526)</u>
Net cash used in investing activities		<u>(395,793)</u>	<u>(250,632)</u>
Cash flows from financing activities			
Proceeds from issue of shares	12	1,250,000	2,891,250
Share issue transaction costs		-	(15,000)
Repayment of lease liabilities		<u>(51,895)</u>	<u>(51,671)</u>
Net cash from financing activities		<u>1,198,105</u>	<u>2,824,579</u>
Net increase in cash and cash equivalents		1,970,826	3,884,725
Cash and cash equivalents at the beginning of the financial year		6,974,237	3,081,192
Effects of exchange rate changes on cash and cash equivalents		<u>(88,243)</u>	<u>8,320</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>8,856,820</u></u>	<u><u>6,974,237</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Operating segments

Identification of reportable operating segments

The chief operating decision maker is considered to be the Company's Board of Directors. The Group's operating segments are determined by differences in the type of activities performed. The financial results of the Group's operating segments are reviewed by the Board of Directors on a quarterly basis.

Business Segments

The following table presents revenue and profit/(loss) information and certain asset and liability information regarding business segments for the year ended 30 June 2021.

	Services \$	Research and development \$	Corporate \$	Other segments \$	Total \$
Consolidated - 2021					
Revenue					
Sales to external customers	3,778,914	-	-	-	3,778,914
Total revenue	3,778,914	-	-	-	3,778,914
Total revenue	3,778,914	-	-	-	3,778,914
Other income	-	-	243,577	-	243,577
Other expenses	(1,598,636)	(1,104,485)	(975,846)	-	(3,678,967)
Profit/(loss) before income tax benefit	2,180,278	(1,104,485)	(732,269)	-	343,524
Income tax benefit					242,334
Profit after income tax benefit					585,858
Assets					
Segment assets	703,807	2,645,969	9,089,363	-	12,439,139
Total assets					12,439,139
Liabilities					
Segment liabilities	32,201	-	579,537	-	611,738
Total liabilities					611,738
Consolidated - 2020					
Revenue					
Sales to external customers	3,668,184	-	-	-	3,668,184
Total revenue	3,668,184	-	-	-	3,668,184
Total revenue	3,668,184	-	-	-	3,668,184
Other income	-	-	231,329	-	231,329
Expenses	(2,084,938)	(300,400)	(2,466,875)	-	(4,852,213)
Profit/(loss) before income tax benefit	1,583,246	(300,400)	(2,235,546)	-	(952,700)
Income tax benefit					237,624
Loss after income tax benefit					(715,076)
Assets					
Segment assets	765,606	2,532,122	7,199,288	-	10,497,016
Total assets					10,497,016
Liabilities					
Segment liabilities	399,115	-	191,924	-	591,039
Total liabilities					591,039

Note 1. Operating segments (continued)

The group derived 12% of its external customer sales revenue from one major customer.

Geographical Segment

The company earns revenue in three significant geographical regions, countries are grouped in the regions of Asia/Pacific, North America and Europe-Middle-East-Africa (EMEA).

All non-current assets are located in Australia being the Asia/Pacific region, applicable disclosure information is disclosed in Business Segment assets and no additional disclosure is made.

	Consolidated	
	2021	2020
	\$	\$
Asia/Pacific	156,615	115,185
North America	1,167,493	1,149,062
EMEA	2,454,806	2,403,937
Total sales to external customers	<u>3,778,914</u>	<u>3,668,184</u>

Note 2. Revenue

Disaggregation of revenue

The group derives its revenue from the services at a point in time and over time in the following major categories. This is consistent with the revenue information that is disclosed for each reportable segment:

	Consolidated	
	2021	2020
	\$	\$
<i>Revenue from contracts with customers</i>		
Commercial revenue	2,189,364	2,007,927
Voucher program	33,358	25,342
Clinical trials	1,513,097	1,587,337
Other studies	43,095	47,578
Revenue	<u>3,778,914</u>	<u>3,668,184</u>

Reconciliation of revenue from contracts with customers with the amounts disclosed in segment information

	Consolidated	
	2021	2020
	\$	\$
Segment revenue	3,778,914	3,668,184
Adjustments and eliminations	-	-
Total revenue from contracts with customers	<u>3,778,914</u>	<u>3,668,184</u>

Note 3. Other income

	Consolidated	
	2021	2020
	\$	\$
Subsidies and grants	206,095	189,925
Interest revenue	37,482	41,314
	<u>243,577</u>	<u>231,239</u>

Note 4. Income tax

	Consolidated	
	2021	2020
	\$	\$
<i>Income tax benefit</i>		
Research and Development tax offset	(242,334)	(237,624)
	<u>(242,334)</u>	<u>(237,624)</u>

Note 5. Cash and cash equivalents

	Consolidated	
	2021	2020
	\$	\$
<i>Current assets</i>		
Cash at bank	2,767,451	929,779
Term deposits	6,089,369	6,044,458
	<u>8,856,820</u>	<u>6,974,237</u>

Note 6. Right-of-use assets

	Consolidated	
	2021	2020
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	167,774	167,774
Less: Accumulated depreciation	(111,849)	(55,925)
	<u>55,925</u>	<u>111,849</u>

The Group has a single premises lease.

Note 6. Right-of-use assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings \$
Balance at 1 July 2019	-
Additions	167,774
Depreciation expense	<u>(55,925)</u>
Balance at 30 June 2020	111,849
Depreciation expense	<u>(55,924)</u>
Balance at 30 June 2021	<u><u>55,925</u></u>

Note 7. Intangibles

	Consolidated	
	2021	2020
	\$	\$
<i>Non-current assets</i>		
Research & development - at cost	4,068,506	3,716,832
Less: Accumulated amortisation	<u>(1,473,876)</u>	<u>(1,184,710)</u>
	<u><u>2,594,630</u></u>	<u><u>2,532,122</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	\$
Balance at 1 July 2019	2,550,818
Additions	246,512
Amortisation expense	<u>(265,208)</u>
Balance at 30 June 2020	2,532,122
Additions	351,674
Amortisation expense	<u>(289,166)</u>
Balance at 30 June 2021	<u><u>2,594,630</u></u>

Note 8. Trade and other payables

	Consolidated	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Trade payables	118,495	53,617
Other payables	374,013	331,655
	<u>492,508</u>	<u>385,272</u>

Note 9. Lease liabilities

The Group leases only premises. The remaining term of the lease as of 30 June 2021 is 12 months. The incremental borrowing rate applied to this lease is 4.79%.

	Consolidated	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Lease liability	60,105	55,998
<i>Non-current liabilities</i>		
Lease liability	-	60,105
	<u>60,105</u>	<u>116,103</u>

Underlying assets serve as security for the related lease liabilities. A maturity analysis of future minimum lease payments is presented below:

	Lease payments due		
	< 1 year	1 - 2 years	Total
Lease payments	61,903	-	61,903
Interest	(1,798)	-	(1,798)
	<u>60,105</u>	<u>-</u>	<u>60,105</u>

Note 10. Provisions

	Consolidated	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Long service leave	26,924	75,821

Note 11. Other liabilities

	Consolidated	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Unearned income	32,201	13,843

Note 12. Issued capital

	Consolidated			
	2021	2020	2021	2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	461,149,601	443,773,933	73,882,788	72,565,449

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2019	422,497,568	69,674,199
Share issue on conversion of options		8,500,000	141,250
Shares issue under ESP		136,365	15,000
Controlled placement cost		-	(15,000)
Share issue to Acuity Capital ¹		12,640,000	2,750,000
Balance	30 June 2020	443,773,933	72,565,449
Shares issued on conversion of options		17,000,000	1,250,000
Shares issued under ESP		78,048	16,000
Shares issued for research and development projects ²		297,620	51,339
Balance	30 June 2021	461,149,601	73,882,788

(1) As collateral for a Controlled Placement Agreement ("CPA") that was entered into on 18 April 2019, the Company agreed to place additional 12,640,000 shares from its Listing Rule 7.1 capacity, at issue price of \$0.218 per share to Acuity Capital (collateral shares) but may, at any time, cancel the CPA and buy back the collateral shares for no consideration.

The CPA was initially established with a limit of \$5m and the Company has utilised the CPA to raise a total of \$2.75m. On 30 June 2021 it was announced that the CPA limit was increased to \$7.75m and expiry date was extended to 31 July 2023. The Company now has available capacity of \$5m under the CPA.

There is no requirement to utilise the CPA and there were no fees or costs associated with the increase in and extension of the CPA.

(2) 297,620 shares were issued to the Telethon Kids Institute on 11 June 2021 at an issue price of \$0.1725. Refer note 15.

Note 13. Cash flow information

Reconciliation of profit/(loss) after income tax to net cash from operating activities

	Consolidated	
	2021	2020
	\$	\$
Profit/(loss) after income tax benefit for the year	585,858	(715,076)
Adjustments for:		
Depreciation and amortisation	364,159	340,572
Share-based payments	85,566	1,836,223
Foreign exchange differences	88,243	-
Interest expense	(4,103)	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(24,769)	(103,278)
Increase in prepayments	(3,137)	(3,551)
Increase/(decrease) in trade and other payables	107,236	(44,078)
Decrease in employee benefits	(48,897)	-
Increase/(decrease) in other operating liabilities	18,358	(34)
Net cash from operating activities	<u>1,168,514</u>	<u>1,310,778</u>

Note 14. Earnings per share

	Consolidated	
	2021	2020
	\$	\$
Profit/(loss) after income tax attributable to the owners of Resonance Health Limited	<u>585,858</u>	<u>(715,076)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	450,260,200	432,385,267
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>1,976,827</u>	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>452,237,027</u>	<u>432,385,267</u>
	Cents	Cents
Basic earnings/(loss) per share	0.13	(0.17)
Diluted earnings/(loss) per share	0.13	(0.17)

The dilutionary impact of options did not change the earnings per share.

Note 15. Share-based payments

The Company has an Employee Incentive Option Plan for key staff members and consultants of the Company.

Set out below are summaries of options granted under the plan:

	Number of options 2021	Weighted average exercise price 2021	Number of options 2020	Weighted average exercise price 2020
Outstanding at the beginning of the financial year	32,200,000	\$0.122	33,500,000	\$0.074
Granted	-	\$0.000	12,200,000	\$0.170
Forfeited	2,000,000	\$0.115	(5,000,000)	\$0.000
Exercised	(17,000,000)	\$0.075	(8,500,000)	\$0.000
Expired	-	\$0.000	-	\$0.000
Cancelled	-	\$0.000	-	\$0.000
Outstanding at the end of the financial year	<u>17,200,000</u>	\$0.170	<u>32,200,000</u>	\$0.122
Exercisable at the end of the financial year	<u>13,200,000</u>	\$0.170	<u>32,200,000</u>	\$0.122

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/cancelled/other	Balance at the end of the year
08/11/2018	09/03/2021	\$0.030	2,500,000	-	(2,500,000)	-	-
08/11/2018	09/03/2021	\$0.050	3,250,000	-	(3,250,000)	-	-
08/11/2018	09/03/2021	\$0.075	4,500,000	-	(4,500,000)	-	-
08/11/2018	09/03/2021	\$0.100	4,750,000	-	(4,750,000)	-	-
14/02/2019	01/01/2022	\$0.100	1,000,000	-	-	(1,000,000)	-
14/02/2019	01/01/2022	\$0.125	1,000,000	-	-	(1,000,000)	-
13/06/2019	13/06/2022	\$0.100	3,000,000	-	(2,000,000)	-	1,000,000
28/11/2019	28/11/2022	\$0.150	4,000,000	-	-	-	4,000,000
28/11/2019	28/11/2022	\$0.175	4,000,000	-	-	-	4,000,000
28/11/2019	28/11/2022	\$0.200	4,000,000	-	-	-	4,000,000
02/12/2019	01/12/2022	\$0.100	200,000	-	-	-	200,000
			<u>32,200,000</u>	<u>-</u>	<u>(17,000,000)</u>	<u>(2,000,000)</u>	<u>13,200,000</u>

The weighted average share price during the financial year was \$0.199 (2020: \$0.087).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.4 years (2020: 1.5 years).

78,048 fully paid ordinary shares were issued to employees under the Employee Share Plan on 29 December 2020 at an issue price of \$0.205. \$16,000 was expensed to share based payments.

On 10 September 2020 the Company announced that they had entered into a licence agreement with the Telethon Kids Institute ("Telethon Kids") and the Erasmus University Medical Centre for the use of computer tomography ("PRAGMA-CF Data") datasets that 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 with cystic fibrosis.

Resonance Health Limited
Notes to the financial statements
30 June 2021

Consideration for the licence of the PRAGMA-CF Data will be as follows:

- (i) 297,620 fully paid ordinary shares to Telethon Kids payable upon receipt and acceptance of both the first and second primary tranches of PRAGMA-CF Data
- (ii) subject to (i) being satisfied, 297,620 fully paid ordinary shares to Telethon Kids upon first submission of its medical device dossiers to a regulatory authority.
- (iii) 10% net royalty on all sales of the analysis performed by the Device.

During the year ended 30 June 2021 the PRAGMA-CF Data was received and the first tranche of 297,620 fully-paid ordinary shares were issued to Telethon Kids on 11 June 2021 at an issue price of \$0.1725, \$51,339 was expensed to research and development expenditure during the period.

Reconciliation of share-based payments expense:

	Consolidated	
	2021	2020
	\$	\$
Options to staff and consultants	18,227	1,836,223
Employee share plan	16,000	15,000
Shares issued for research & development	51,339	-
	<u>85,566</u>	<u>1,851,223</u>