

Singular Health Group Ltd: SHG

# ASX Announcement

29<sup>th</sup> April 2024

## ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2024

### Highlights

- Inaugural United States Enterprise Purchase Order from TechWorks4Good in Miami, Florida for 5,000 3Dicom Patient licenses for US Veterans to mobilise medical imaging.
- Strong additional uptake with subsequent US Enterprise order for 3Dicom R&D and Patient licenses from Roseman University of Medical Sciences in Las Vegas, Nevada.
- Retention of ISO13485 and Medical Device Single Audit Program Certification ensures regulatory compliance allowing continual marketing of diagnostic MD software in USA.
- Significant corporate activities including:
  - Strategic capital raise of \$4.1M at \$0.11 per share, by way of placement to new and existing institutional, sophisticated and professional investors;
  - Receipt of remaining CG1 Ventures Placement Funds of ~AUD\$850,000; and
  - Strategic Investment from world renowned, leading US technology & blockchain developer and entrepreneur, Craig Sellers of AUD\$1,000,000 at \$0.15 per share.
- Positive trip to Miami with encouraging discussions with potential enterprise clients.
- Robust cash balance of \$3.5M as at 31 March 2024, with an additional \$1M committed from Craig Sellers subject to shareholder approval.

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**29<sup>th</sup> April 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 momentous quarter ending 31<sup>st</sup> March 2024 (“Quarter”).

### Breakthrough Enterprise Purchase Orders through US Master Distributor

Following the typical festive season slowdown, 2024 started with two significant enterprise purchase orders procured by Singular Health’s United States Master Distributor and Strategic Investor, CG1 Solutions.

The first purchase order, received from TechWorks4Good in Florida, was for 5,000 3Dicom Patient licenses which are to be deployed to a sub-set of the ~36,000 veterans in the Miami-Dade County to digitise and mobilise their service-related medical imaging that has historically been stored in CD-ROMs (refer to ASX Announcement: *First 3Dicom Enterprise Sale Received in United States, dated 11<sup>th</sup> January 2024*).

Critically, this purchase order came only 7 months after the appointment of CG1 as the Company’s Master Distributor in the United States; 7 months which saw very large networking and exposure in the US with minimal capital expenditure and also brought with it AUD\$850,000 of investment by CG1 and Marin and Sons.

Following the purchase order in Miami, early February saw the receipt of the second purchase order from Roseman University of Health Sciences in Las Vegas, Nevada with a total contract value of ~AUD\$150,000 over 2-years.

This was the first education-based purchase order in the United States and will see Singular Health’s 3Dicom R&D and Patient software licenses deployed within their anatomical and medical training courses as well as at their affiliated teaching hospital.

Singular Health’s global enterprise-first sales strategy, including the sourcing and appointment of the US Master Distributor and numerous global sales partners has been led by Dr Martina Mariano since August 2022.



*Figure 1: Singular Health’s Inaugural Chief Commercial Officer, Dr Martina Mariano*

Following the successful commercialisation of the 3Dicom software in the US market, Dr Mariano was formally appointed as Singular Health’s inaugural Chief Commercial Officer (CCO) in February 2024, refer to ASX Announcement *Appointment of Chief Commercial Officer, dated 9<sup>th</sup> February 2024* for more information.

**Retention of Key Regulatory Clearances with ISO13485 and MDSAP Renewal**

Although many of the enterprise licenses sold to date being the non-diagnostic 3Dicom Patient and R&D license types, the FDA510(k) regulatory clearance for 3Dicom MD® granted in October 2022 has been a critical element in driving the commercialisation of the 3Dicom software especially assisting in broader conversations with US-based hospital groups, managed service organisations (MSO’s), and various clinics and organisations.

The annual re-certification of the Company’s ISO13485:2016 certification, the gold-standard certification for medical device development, and Medical Device Single Audit Program (MDSAP) was therefore a significant achievement that the Company was pleased to have been granted in mid-February following the 5-day onsite audit in December 2023.

**Appointment of Craig Sellars to Singular Health’s Advisory Board**



*Figure 2: Craig Sellars*

Craig Sellars, one of co-founders of cryptocurrency Tether, Chief Technologist of the Omni Foundation, and Chief Executive Officer of Self.ID has been appointed on a no-fee basis to Singular Health’s Advisory Board.

As one of the forefront technologists in blockchain, Craig will be an invaluable source of expertise in the further commercialisation of Singular Health’s blockchain-based Medical File Transfer Protocol (MFTP) that underpins the fully audited sharing and storage of medical imaging.

### Singular 3DP – 3D Printing Update

Within Singular Health's wholly owned 3D printing subsidiary it was business as usual during the Quarter with regards to the 3D printing service with the introduction of multi-colour, multi-material printing capabilities continuing to generate strong word-of-mouth and inbound sales along with a high gross margin compared to the larger format printing.

Close tracking of the utilisation and profitability of the respective machines have led to an open process of selling one or more of the large format 3D printing machines at the Bibra Lake premises to reduce the Tremolat loan of ~\$560,000 secured against the larger printers. This process is underway and expected to be concluded by end of financial year.

Since acquiring the assets of Global3D in early 2023, Singular 3DP has been engaged in the resale of high value industrial 3D printers for leading brands such as 3D Systems, Kings 3D, and DyeMansion. Whilst these sales efforts saw Singular 3DP awarded as the APAC Reseller of the year by 3D Systems, increasingly difficult global trade and logistics, longer than expected lead time and lower profit margins due to the strength of the US dollar, and a focus on sales orders for 3Dicom in the USA led to a decision during the Quarter to cease the 3D printer resale activities.

The Company expects the net impact on operating cashflow from the decision to be negligible with the decline in revenue being offset by an estimated reduction in operating expenditure of ~\$200,000 per annum.

Singular 3DP is currently in negotiations with a large customer on the East Coast with regards to the one remaining machine order to receive payment for the delivered 3D printer.

### Business Activities Expenditure

In accordance with ASX Listing Rule 4.7C.1, direct operating activities expenditure for the Quarter equalled \$1,299,000, comprising of:

- research and development expenses of \$233,000,
- product manufacturing and operating costs of \$367,000,
- advertising and marketing costs of \$81,000,
- staff costs of \$217,000,
- administration and corporate costs of \$320,000,
- lease payments of \$12,000, and
- interest and other payments of \$69,000.

Net cash used from operating activities was \$988,000 after accounting for cash inflows totalling \$311,000 from customer receipts, and interest received.

Increased corporate and administration costs for the Quarter can be attributed to a number of one-off payments, notably costs associated with the settlement of long-term creditors.

### 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 \$0 Nil. No salary and fees were paid to the Directors during the Quarter.

Non-executive Directors have agreed to receive shares in lieu of the cash payment of their salaries in the short term to assist with the Company's cash flow. The issuance of the shares is subject to shareholder approval. The Company intends on holding a General Meeting of shareholders in Q2 CY24.

On 8 February 2024, the Company announced it had received AUD\$850K of previously committed funds from CG1 Ventures and Marin and Sons. Refer to Announcement dated 17 November 2023 for further details of the terms of the commitment.

In addition to the above, the Company also announced it had received ~AUD\$200K from Radium Capital for an R&D funding facility secured against the FY23/24 R&D tax incentive refund.

On 21 February 2024, the Company announced it had completed a capital raising of AUD\$4.1M from institutional, sophisticated, and professional investors via the issue of 37,483,101 fully paid ordinary shares at \$0.11 per share. The funds from the placement will be used to accelerate the Company's United States commercialisation efforts and seeks to capitalise on the recent sales traction in the United States.

On 14 March 2024, the Company announced it had received a binding commitment of AUD\$1.0M from Craig Sellars, a renowned US technologist and entrepreneur and existing 3Dicom user. This strategic investment is to be completed via a placement of 6,666,667 new fully paid ordinary shares in the Company to Craig Sellars at \$0.15 per share, subject to shareholder approval. The Company intends on holding a General Meeting of shareholders seeking approval of the investment in Q2CY24.

During the Quarter, the Company made payment of AUD\$500,000 to Brightstar Corporation Pty Ltd in order to pay out the short-term loan owed to them. Overall secured debt was reduced to AUD\$932,000 during the Quarter with a further reduction subsequent to the Period end of ~AUD\$560,000 with the full repayment of the loan from Tremolat Pty Ltd.

Authorised for release by the Board of Directors.

**Ends**

For further information contact

Investors	Corporate
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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.

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 March 2024

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	307	1,032
1.2 Payments for		
(a) research and development	(233)	(381)
(b) product manufacturing and operating costs	(367)	(865)
(c) advertising and marketing	(81)	(170)
(d) leased assets	(12)	(38)
(e) staff costs	(217)	(899)
(f) administration and corporate costs	(320)	(769)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	6
1.5 Interest and other costs of finance paid	(36)	(191)
1.6 Income taxes paid	(1)	12
1.7 Government grants and tax incentives	-	977
1.8 Other	(31)	(21)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(987)</b>	<b>(1,307)</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	(8)	(54)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

	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	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>(8)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>	
3.1	Proceeds from issues/unissued of equity securities (excluding convertible debt securities)	4,926
3.2	Proceeds from issue of convertible debt securities	-
3.3	Proceeds from exercise of options	77
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(274)
3.5	Proceeds from borrowings	267
3.6	Repayment of borrowings	(500)
3.7	Transaction costs related to loans and borrowings	-
3.8	Dividends paid	-
3.9	Other – lease payments	(11)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>4,485</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	32
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(987)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)

Appendix 4C  
Quarterly cash flow report for entities subject to Listing Rule 4.7B

		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,485	4,123
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>3,522</b>	<b>3,522</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	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,522	32
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>3,522</b>	<b>32</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter \$A'000
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	-

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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>		
7.1	932	932
7.2	-	-
7.3	-	-
7.4	932	932
7.5	<b>Unused financing facilities available at quarter end</b>	
		-
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.	
	<p>Lender: Tremolat Pty Ltd Principal: \$560,000 Interest: 12% per annum payable in equal monthly instalments in arrears Term: 12 months (13 January 2023 to 13 January 2024) extended to 13 April 2024 (Paid in full subsequent to the March Quarter) 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> <p>Lender: Radium Capital Principal: \$192,250 Interest: 15% Term: 12 months (expiring 30 Nov 2024)</p>	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	(987)
8.2	3,522
8.3	-
8.4	3,522
8.5	3.57
<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

*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.

29 April 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.