

AHI Commentary for the Quarter-Ended 30 September 2024 and Appendix 4C

Highlights

- **AHI announces A\$4m funding comprising equity and convertible debt, expands discussions for further financing.**
- **AHI to present at ISPOR, the world's leading Health Economics and Outcomes Research conference.**
- **AHI extends patent portfolio across EU and US.**
- **Nasdaq delisting determination under appeal.**
- **Annual General Meeting set for 1pm AWST, 29 November 2024.**

Advanced Health Intelligence Ltd (ASX/NASDAQ: AHI) ('AHI' or 'the Company') presents an update to its shareholders, coupled with the Appendix 4C, outlining activities for the quarter ended 30 September 2024.

Financing and ASX reinstatement

AHI remains committed to satisfying the ASX reinstatement requirements, as outlined in our announcement on 19 June 2024 where AHI received guidelines from the Australian Securities Exchange (ASX) stating that the Company's securities will be reinstated to trading on the ASX, subject to the satisfaction of certain conditions precedent. The conditions precedent required to be satisfied by the Company before its securities are reinstated to official quotation on the ASX were:

- the Company securing AUD\$4 million in cleared funds in the Company's Bank account, to the satisfaction of the ASX; and
- AHI confirming the above in an ASX announcement and release any required ASX forms (including Appendix 3Bs for any proposed security issues).

The conditional reinstatement of the Company's securities to trading on the ASX, was subject to the following caveats:

- upon satisfaction of the previous two bullet points, ASX intends to reinstate AHI's securities to official quotation; and
- the ASX has the discretion not to reinstate AHI's securities to official quotation should the Company fail to comply with the Listing Rules, the spirit of the Listing Rules, or if other information comes to light.

AHI announced on 2 October 2024, that the Company had completed a financing of AUD\$4.45 million before costs comprised of \$1.957million in equity and \$2.5million in convertible debt. Quarters Academy Sdn Bhd ("Quarters") were the major investor for this financing, investing AUD\$4 million.

The ASX has advised that since receiving confirmation of the required funding, they will review the Company's 2024 Annual Report prior to making any further determination for AHI's reinstatement to trading and until such time as this can be completed, the Company will remain in suspended from trading its securities.

AHI management continue discussions for the \$15 million funding packaged announced on 15 April 2024, which require AHI to be reinstated to ASX trading. In addition to that funding package, the company has commenced discussions with additional investor groups that do not hold AHI's reinstatement to trading as a condition for funding for up to AUD\$22 million if all is completed. These discussions remain ongoing, and the Company will update shareholders in timely manner as these discussions progress.

World Leading Research

In September 2024, the Company was selected to present its new research findings, on the potential return on subscription to a smartphone based biometric health risk assessment tool, at the prestigious ISPOR European Conference in November 2024.

As the leading professional society for Health Economics and Outcomes Research. (HEOR) globally, the ISPOR Programme Committee's acceptance of AHI's research puts this topic at the forefront of the conversation on generating evidence toward health and well-being. The scientific poster session will provide results of an analysis of the budget impact of early identification and intervention for individuals at risk of obesity, overweight, depression, general anxiety disorder, metabolic syndrome and type 2 diabetes and sequelae in the US and Singapore. These conditions align closely to AHI's innovative computational biology-driven solutions which leverage smartphone sensor inputs to assess individuals' health risk and can facilitate early identification and intervention for various chronic conditions, including obesity, heart disease, and type 2 diabetes, among others. This analysis provides an indication of the potential for AHI's pioneering work, in smartphone-based digital biomarker health risk assessment tools, to support significant savings in healthcare costs globally, projected to reach 11.8% of GDP by 2040. AHI's Chief Scientist, Dr Riaan Conradie, will present at the event on behalf of the Company.

Expanded Patent Portfolio across US and EU

A cornerstone of AHI's assets is its patent portfolio. The Company has consistently invested in patenting and trademarking its intellectual property since the Company's incorporation in 2014 and this quarter has been granted US patent application No. 12,125,582 from the US Patent Office for its innovative technology in medical treatment "Predicting User Body Volume to Manage Medical Treatment". The patent's scope is comprehensive, encompassing various scenarios where patients use digital image captures to calculate and convey volume or dimensional information to healthcare professionals. For instance, AHI's patent applies if a patient employs a digital camera to share volume and/or dimensional details on their body volume with a physician to calculate treatment volumes. This patent positions AHI as a key stakeholder in the global healthcare ecosystem, providing AHI with a competitive edge and protection to the substantial medication dosing and treatment segment. AHI considers this patent especially pertinent in the current landscape of increasing prescription rates for GLP-1- based therapies, including Ozempic and Mounjaro, in treating metabolic disorders.

In addition to the US patent granting, AHI was also granted a European patent pursuant to Article 97(1) EPC patent application No. 15864375.9 from the European Patent Office for its innovative technology in imaging the human body.

Nasdaq Appeal

In August, AHI received notification from Nasdaq Stock Market LLC ("Nasdaq") determination to delist AHI from the Nasdaq due to shareholder equity deficiency. AHI has appealed the delisting determination that took effect on 30 July 2024. This determination is currently being appealed and ASX reinstatement is a pivotal milestone for this appeal. The Company will continue to keep shareholders apprised of progress with this appeal.

Annual General Meeting

The Company will conduct its 2024 Annual General Meeting (AGM) on 29 November 2024 at 1:00 pm AWST. The meeting will take place at Steinepreis Paganin, Level 14, QV1, 250 St George's Terrace, Perth, WA, and is catered for in-person attendance only. The agenda includes 16 resolutions covering important company matters and governance items for shareholder approval. AHI encourages shareholders to submit proxies in advance if they cannot attend and suggests sending questions ahead of the meeting to allow management time to prepare comprehensive responses. This meeting will offer shareholders an opportunity to engage with the board on AHI's recent performance and strategic direction.

Commercialisation Progress Update

Operational revenue was projected to commence in the final two quarters of 2024. However, the continuing suspension from trading on the ASX has impeded our client deployments, resulting in delayed launches and the deferring of revenue forecasts. In summary, this nearly nine-month suspension from trading has resulted in a commercialisation delay of approximately the same term. AHI continues to work with the ASX to ensure ongoing compliance with all applicable listing rules and achieve reinstatement to trading. Positively, AHI has retained all of its Master Service Agreements (MSA's) in force with existing partners prior to reinstatement. The integration and launch of new solutions have been paused since March 2024. However, with the recent commencement of AHI's recapitalization, clients are reengaging operational teams for the launch of AHI products which will reactive the previous plans paused. AHI expects to see the commercialisation of at least 4 partners in the final calendar quarter of 2024

See later in this report for specific partner updates.

Commercialisation Outlook

AHI continue to build momentum in pipeline growth with new partners with new deployments, the theme of artificial intelligence being so prevalent in all industries is producing noticeable tail winds to discussions with company leaders in their adoption of AHI's AI-based digital health solutions. The recent announcements of billion dollar investments each by Google into Thailand, Singapore Government into Digital Health and many others, is evidence that the curiosity is being converted into commitments.

For AHI, the rapid rise of telehealth sophistication taking the industry tables takes from merely phone based consultations to efficient and intelligent records and workflows is presenting new partners throughout South East Asia, Australasia, Middle East and the US. These new green shoot opportunities in addition to the existing partner portfolio entering into commercialisation bodes extremely strongly for AHI's 2025.

Partner Updates

Upvio Healthtech expected to launch in Q1, 2025

Upvio Healthtech's telehealth platform has recast its launch to Q1 2025, following prioritized client onboarding and the completion of AHI integration, expected by Q4 2024. Designed for medical, health, and wellness practitioners, Upvio provides a robust suite of tools, including human imaging, advanced scheduling, digital forms, video consultations, virtual waiting rooms, chat options, a patient portal, and integration with existing software. Secure geo-cloud storage ensures the safe handling of sensitive patient data.

Upvio aims to become the world's first telehealth platform with built-in, contactless human imaging that delivers real-time, scientifically validated health risk assessments. This breakthrough allows healthcare professionals to gain accurate insights into a patient's health and risk status effortlessly, affordably, and without physical contact, significantly lowering malpractice risks. Built with a digital-first approach, the platform integrates top-tier technologies, including AHI's scanning and risk assessment capabilities, to enhance both patient and provider experiences.

Augmented Reality Concierge LLC ("ARC") expected to launch in Q4, 2024

Augmented Reality Concierge, LLC (ARC) is set to launch in Q4 2024. Founded in 2019, ARC specializes in developing innovative applications that enhance environments and improve consumer experiences through augmented reality. Originally designed as a fitness app to guide gym users based on specific equipment, ARC's technology has expanded to meet the needs of diverse spaces like universities, airports, malls, and theme parks. With its state-of-the-art, engaging tools, ARC offers a unique "concierge" experience tailored to meet both company and consumer needs.

AF-Scan expected to Launch in Q4, 2024

AHI's FDA certified mobile-based scan for Atrial Fibrillation (AF) assessment is now projected to launch in Q4 2024. This innovative tool, designed for convenient AF monitoring, enhances the capabilities of the Digital Health Assessment (BHA) platform and is available as a standalone solution. Medically approved across jurisdictions including Australia, the EU, Singapore, the UAE, the UK, the USA, and Saudi Arabia, AF-Scan addresses a critical need. With AF affecting 60 million globally and linked to conditions like hypertension, diabetes, and obesity, AF-Scan offers timely and highly accessible support for a prevalent yet relatively silent health condition.

Vlado Bosanac, Founder and Head of Strategy at AHI, said:

"AHI is strongly focused on supporting our named partners, driving engagement, and generating revenue. Our technology has never been more poised for success.

Despite a prolonged trading halt, AHI achieved significant milestones in funding and commercial partnerships during the 3rd Quarter. We secured a AUD\$4m funding round with Quarters Global in September 2024, as announced to the ASX.

Building on this momentum, we are finalising term sheets with two additional funders, which if successful could provide access to up to AUD\$22m, further strengthening our financial foundation for sustained growth.

Our pipeline is robust, with several launches anticipated in the next two quarters.

These include:

- AF-Scan: a groundbreaking mobile phone-based atrial fibrillation assessment tool;
- with telehealth provider UPVIO; and
- and Augmented Reality Concierge

Furthermore, our successful launch of the User Data Sharing Platform with Bearn LLC has attracted 16 commercial partners, all under a 50/50 revenue-sharing agreement. This strategic partnership has the potential to propel AHI beyond breakeven and into profitability.

AHI is well-positioned to capitalize on these opportunities, driving growth and revenue. We remain committed to supporting our partners and delivering innovative solutions to the market."

Scott Montgomery, CEO at AHI, said:

"These last few months have been dense in continuing to prepare for commercial launches in and amongst the annual audit, ASX reinstatement and ongoing financing activities. Despite these headwinds, the team have supported multiple key projects on the cusp of commercialization, and the next 120 days are filled with promise. We're approaching a pivotal moment to becoming a fast-growing company, and I'm confident that AHI's solutions are poised to make a real, lasting difference in healthcare which in turn will rebuild value for our loyal shareholders."

September Financing Summary

A summarised version of the recent A\$4m financing is as follows, for complete detail please refer to the company announcement on 2 October, 2024.

Private Placement Update

AHI has increased its previously announced private placement to sophisticated and professional investors, now issuing 31,740,740 shares at AUD\$0.0675 per share to raise AUD\$2,142,500 across three tranches:

- **Tranche 1:** Completed, with 22,222,222 shares issued, raising AUD\$1,500,000.
- **Tranche 2:** Funds received, with 6,777,778 shares to be issued shortly, raising AUD\$457,500.
- **Tranche 3:** Planned issuance of 2,740,740 shares (AUD\$185,000) and 4,759,261 free-attaching options, subject to shareholder approval at the upcoming Shareholder Meeting.

Bridging Loan from Quarters Academy Sdn Bhd

To further support operations, Quarters Academy has advanced AHI a bridging loan of AUD\$2.5 million with the following terms:

- **Tranche 1:** AUD\$1.25 million, repayable in six months with a 10% interest (AUD\$125,000), planned to be repaid via Convertible Notes or alternative capital raising.
- **Tranche 2:** AUD\$1.25 million, convertible into shares (subject to shareholder approval) at the volume-weighted average price, or repayable in cash if approval is not obtained. The loan is secured against AHI's assets, ranking second to existing secured creditors.

For a more comprehensive review of the AHI shareholder and market releases, please go to: <https://www.ahi.tech/investors>

Corporate Update

At 30 September 2024, the Company had \$2.159 million cash at Bank.

Item 6.1 - Appendix 4C attached.

Item 6.1 on the attached Appendix 4C relates to the Director's fee paid to the Company's non-executive Chairman during the quarter.

The Chairman and CEO of Advanced Health Intelligence Ltd has approved this announcement.

For more information, contact: _

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Appendix 4C

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

Name of entity

Advanced Health Intelligence Ltd

ABN

85 602 111 115

Quarter ended ("current quarter")

30 September 2024

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	7	7
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(88)	(88)
(d) leased assets	(1)	(1)
(e) staff costs	(1,264)	(1,264)
(f) administration and corporate costs	(681)	(681)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(15)	(15)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,042)	(2,042)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

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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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,658	1,658
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	2,550	2,550
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	4,208	4,208

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	21	21
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,042)	(2,042)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

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
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,208	4,208
4.5	Effect of movement in exchange rates on cash held	(28)	(28)
4.6	Cash and cash equivalents at end of period	2,159	2,159

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	2,159	21
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)	2,159	21

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	(1)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>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.</i></p> <p>1. <i>Director's fees paid to our non-executive Chairman.</i></p>		

7.	Financing facilities <i>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.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	2,500	2,500
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	1,775	1,775
7.4	Total financing facilities	4,275	4,275
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.		

Loan facilities is represented by the Bridging Loan facility provided by Quarters Academy Sdn Bhd.

The key terms of the Bridging Loan are as follows:

- During the term of the Bridging Loan, half of the Bridging Loan is repayable in 6 months from the advance date along with AUD\$125,000 in interest (**Tranche 1**), and a 100% per annum interest rate will apply on the balance of the Bridging Loan that is repayable in 12 months from the advance date (**Tranche 2**).
- Tranche 1 (AUD\$1.25m) of the Bridging Loan and interest of AUD\$125,000 (i.e. 10% over the course of the 6 month term) that has accrued on these funds is to be repaid in cash in 6 months. AHI intends to fund the repayment of this amount via the issue of Convertible Notes in the Company's announcement dated 15 April 2024, or through an alternative capital raising (including, without limitation, a potential rights issue to existing shareholders).
- Tranche 2 (AUD\$1.25m) of the remaining Bridging Loan and any interest that has accrued on these funds is, subject to shareholder approval for the purposes of ASX Listing Rule 7.1 (**Shareholder Approval**), to be converted into Shares at the deemed conversion price to be equal to the volume weighted average price of the Shares over the five trading days preceding the date of issue of these Shares.
- If Shareholder Approval is not obtained, then Tranche 2 of the Bridging Loan remains repayable in cash. AHI intends to fund the repayment of this amount via the issue of Convertible Notes that is contemplated in the Company's announcement dated 15 April 2024, or through an alternative capital raising (including, without limitation, a potential rights issue to existing shareholders).
- The Bridging Loan is secured against the Company's assets (including the shares in AHI's subsidiaries). This security is second ranking behind two existing secured creditors (**Existing Creditors**). Further information with respect to the Existing Creditors is set out below.

Other financing facility is represented by a Convertible Note Facility. The term of the facility is 24 months, with interest accruing on the facility at 10% per annum (calculated daily) and is compounded quarterly in arrears. The investors may elect to redeem the outstanding principal amount and interest on the loans in cash on the maturity date.

Subject to receipt of prior Company shareholder approval, loans and interest may be converted into fully paid ordinary shares in the Company, at the investor's election, at a conversion price equal to A\$0.30 per share.

Each investor may only request to convert the loans into Shares any time after the earlier of the first 6 months of advance of the loans to the Company and the date that the AHI share price on the ASX trades at or above a floor price of A\$0.35, by sending to the Company a written conversion request. On receipt of a conversion request, the Company must seek shareholder approval to convert the loans into Shares within two months.

At any time prior to the Maturity Date, the Company may notify the investors that it intends to raise capital to repay the outstanding amount under the facility in cash. In this circumstance, AHI will pay a 10% break fee on the outstanding loan funds and interest.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,042)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,159
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,159
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.057
<p><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></p>		
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?	
	<p>Answer: The current level of net cash used in operating activities has been inflated by the orderly pay down of prior period creditors, which has approximately doubled the expenditure in this category. When expenditure is normalised for the quarter just concluded, the estimated quarters of funding available moves above 2.</p>	
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?	
	<p>Answer: Negotiations are on foot with a number of financiers to raise further capital to ensure the Company has sufficient working capital going into the future.</p>	
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?	
	<p>Answer: Yes the Company expects to continue its operations and to meet its business objectives by continuing to raise additional capital, as and when required.</p>	
<p><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></p>		

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: ..31 October 2024.....

Authorised by: ...By the Board.....
(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.