

Advanced Human Imaging.

Annual Report

FOR THE YEAR ENDED JUNE 30, 2021

ADVANCED HUMAN IMAGING LIMITED ACN 602 111 115
(FORMERLY MYFIZIQ LIMITED)

Corporate Directory

Directors

Vlado Bosanac (Executive Chairman and CEO)
Michael Melby (Non-executive Director)
Nicholas Prosser (Non-executive Director)
Dato Low Koon Poh (Non-executive Director)

Auditors

PKF Perth
Level 4, 35 Havelock Street
West Perth WA 6005

Company Secretary & CFO

Steven Richards

Share Registry

Automatic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000
Telephone : +61 8 9324 2099
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Registered Office

Unit 5, 71-73 The Esplanade
South Perth WA 6151

ASX Code

AHI

Principal Place of Business

Unit 5, 71-73 The Esplanade
South Perth WA 6151

Website and email addresses

www.AHI.com
admin@AHI.com

Securities Exchange Listing

The Company's shares are quoted on the Australian Securities Exchange. The home exchange is Perth, Western Australia.

Corporate Governance

A summary statement reporting against the 4th Edition of the ASX Corporate Governance Recommendations which has been approved by the Board, together with current policies and charters, is available on the Company website: www.advancedhumanimaging.com.

Environmental, Social, and Governance Reporting

During the financial year ended 30 June 2021, the Company made a commitment to commence Environmental, Social, and Governance (ESG) reporting as a first step in building sustainability credentials and disclosing data relating to the Company's environmental, social and governance performance. The Company is working toward making disclosures against the World Economic Forum (WEF) Stakeholder Capitalism Metrics ESG Framework and is of the view that its operations do not create a material exposure to environmental or social sustainability risks.

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Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the “consolidated entity”) consisting of Advanced Human Imaging Limited (“the parent entity” or “the Company” or “AHI” and formerly known as MyFiziq Limited) and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Principal Activities and Operating Model

The Company has developed and patented a proprietary measurement/dimensioning technology that enables an end user to check, track, and accurately assess their body dimensions privately using only a smartphone. The Company refers to this physical measurement and analytics tool as “BodyScan.”

The Company has global channel partners (“Partners”) who utilize its technology through a Software Development Kit (“SDK”). The Company’s global Partners have substantial audiences that they address, and from those underlying audiences, individual end-users sign up for, and are given access to, the Partners’ software programs/apps that embed our technology components.

Our global Partners currently include companies within the following sectors:

- (i) Mobile Health (“mHealth”) and Telehealth,
- (ii) Life and Health Insurance;
- (iii) Fitness; Wellness; and
- (iv) Consumer Apparel.

During the financial year, the Company signed a formal reseller agreement with Canadian-based Nuralogix Corporation (“Nuralogix”). The Nuralogix technology, which the Company refers to as “FaceScan”, has been integrated into AHI’s *CompleteScan* platform,

The Company also made strategic investments in Triage Technologies Inc. (“Triage”), Jana Care Inc. (“Jana”) and Physimax Technologies Ltd (“Physimax”). These strategic investments relate to the further development of AHI’s *CompleteScan* platform, and incorporates “DermaScan”, “MKScan” and “HemaScan” as described in the table below:

ENTITY	COMPLETESCAN COMPONENT	SHORT DESCRIPTION
Triage	DermaScan	Skin disease detection for over 500 skin conditions.
Physimax	MKScan	AI-powered Musculoskeletal Optimisation Platform.
Jana Care	HemaScan	Blood biomarker assisted chronic disease assessment and monitoring.

During the financial year the consolidated entity also progressed its application to list on the NASDAQ with the F-1 registration statements being publicly filed with the US Securities and Exchange Commission in August 2021.

Other than the transactions listed above, there has been no significant changes in the nature of activities during the financial year.

Directors' Report

Review of Operations

Operating results and financial position

The net loss after income tax for the financial year was \$14,060,992 (2020: \$5,396,512), which includes \$10,108,653 (2020: \$2,073,776) in respect of impairment charges and share-based payments to suppliers, directors and employees under the Company's incentive plans.

Before share-based payments and impairment charges, the consolidated entity's adjusted net loss after income tax for the financial year is \$3,952,339 (2020: \$3,322,736) as shown in the table below.

Table 1. Non-IFRS reconciliation showing the impact of Share-based payments and Impairment on Total comprehensive loss for the year

	Year Ended 30 June 2021 \$	Year Ended 30 June 2020 \$
Total comprehensive loss for the year	14,060,992	5,396,512
Less: Share-based payments (non-cash) in relation to:		
Directors and employees remuneration	6,230,996	1,120,357
Corporate advisory services	92,520	918,919
Investor relations	972,450	34,500
	7,295,966	2,073,776
Less: Impairment expense (non-cash)	2,812,687	-
Adjusted total comprehensive loss for the year (before share-based payments and impairment charges)	3,952,339	3,322,736

The non-IFRS reconciliation described in the table above is intended to supplement the Company's IFRS financial information by providing additional insight regarding results of operations of the Company. The adjusted total comprehensive loss for the year is intended to provide an enhanced understanding of the underlying operational measures used to manage the Company's business, to evaluate performance compared to prior periods and the marketplace, and to establish operational goals. Adjusted Total comprehensive loss should not be considered in isolation or as a substitute for performance measures calculated in accordance with IFRS.

Cash assets at the end of the financial year were \$2,172,499 (2020: \$627,304).

Operating activities

During the financial year the consolidated entity progressed the development and commercialisation of its technology with the following highlights:

i. \$5m capital raised

The Company completed a \$5 million placement with institutional and sophisticated investors in October 2020 to facilitate the expansion of its research and development team and to expedite the go-to-market timelines of current announced partners and to progress its listing on the NASDAQ.

Directors' Report

ii. Revenue

Total revenue increased from \$667,197 to \$1,244,466 during the financial year, an increase of 86.5%. The increase is largely attributable to \$500,000 in license revenue received from the Company's joint venture partner, Body Composition Technologies Pte Ltd ("BCT"). The Company expects its current growth to continue, with four Partners having already launched (with the AHI's technology embedded) and more to follow in the new financial year.

At the date of this report, the following Partners had launched their applications (with AHI's technology embedded):

- Evolt
- Bearn
- Biomorphik
- TRUCONNECT (The Original fit Factory/ "TOFF")

Further product launches with a number of Partners are expected in the new financial year, including that of Tinjoy (refer to the ASX announcement dated 18 August 2021) and Nexus-Vita (refer to the ASX announcement dated 23 June 2021).

iii. Strategic Investments

During the financial year, the Company's joint venture partner Body Composition Technologies Pte Ltd ("BCT") undertook a \$1.92m capital raising by way of convertible note. AHI participated in the raising, by making an investment in the amount of \$670,833 which will allow the Company to take a majority stake of up to 54% in BCT on conversion. Although BCT has not yet started generating revenue, taking a majority stake provides the Company with a strategic advantage in that it will result in the consolidation of additional revenue in future (not guaranteed). Additionally, with the Company's current NASDAQ initiative, having a controlling interest in BCT is likely to be viewed in favourable light by US investors and potentially a catalyst for an increase in the Company's NASDAQ valuation (refer note 26).

Additionally, AHI completed due diligence on its partnership and investment in Canadian-based Triage Technologies Inc. (Triage), which includes the signing of a binding license agreement and subscription agreement. Under the terms of the license agreement, the companies expect to complete the integration of the Triage application into AHI's *CompleteScan* platform, with the first demonstratable "*DermaScan*" product expected to be made available early in the new financial year. This will be a demonstration product and will only be sold to jurisdictions where the medical approvals have been achieved (refer note 27).

Furthermore, AHI concluded a terms sheet and investment strategy with US-based on-device blood pathology company Jana Care Inc. (Jana). Jana has developed and patented an on-device blood screening tool called Aina. The patented Aina device can provide rapid, accurate readouts of key blood chemistry elements in several chronic disease categories: cardiovascular, renal, and metabolic (CVRM). The Aina device will be integrated with AHI's *CompleteScan* platform and is referred to by the Company as "HemaScan". A summary of the material terms has been disclosed on the ASX announcement dated 20 May 2021 (refer note 27).

On 6 July 2021, AHI announced it had concluded its due diligence for the proposed acquisition of Israeli-based musculoskeletal assessment (MSK) company, Physimax Technologies Limited (Physimax). The parties are now in the process of updating the Acquisition Agreement which is expected to result in a material reduction in the acquisition amount as announced on 19 April 2021. The parties are now in the process of finalising the Acquisition Agreement. Physimax's AI-powered musculoskeletal optimisation platform is to be integrated with AHI's *CompleteScan* platform and is referred to by the Company as "MKScan" (refer note 27).

AHI's full suite of products, noting the addition of the investments referred to above, is well-represented in the graphic below:

Directors' Report

CompleteScan: Edge AI Technology.

Smartphone based human scanning technology, unlocking a diverse range of data-driven applications.

+ Fitness + mHealth + Life & Health Insurance + Apparel



BodyScan
Body circumference, body composition, health indicators, health risks.



FaceScan
Unlock vital signs, health indicators, health risks.



DermaScan
Skin disease detection for over 500 skin conditions.
COMING SOON



MKScan
AI-Powered Musculoskeletal Optimization Platform.
POTENTIAL ACQUISITION



HemaScan
Blood biomarker assisted chronic disease assessment & monitoring.
COMING SOON



Platforms



Issued Patents



iv. NASDAQ Listing

The Company announced on the ASX Platform on 27 August 2021 that it had publicly filed an F-1 registration statement with the US Securities and Exchange Commission. The Company announced further that it would be working with Maxim Group LLC as the lead underwriter, that it had appointed Lucosky Brookman LLP as its legal counsel. A registration statement relating to these securities has been filed with the SEC but has not yet become effective. These securities may not be sold, nor may offers to buy be accepted, prior to the time the registration statement becomes effective. This update does not constitute an offer to sell or the solicitation of an offer to buy any securities. Any offers, solicitations, or offers to buy, or any sales of securities will be made in accordance with the registration requirements of the *Securities Act of 1933*, as amended ("Securities Act"). This update is being issued in accordance with Rule 135 under the Securities Act.

Directors' Report

Directors

The following persons were directors of AHI during or since the end of the year and up to the date of this report, and were in office for this entire period unless stated otherwise:

Mr Vlado Bosanac

(Executive Chairman and CEO)

Mr Bosanac combines over 28 years of experience in capital markets, deal origination, negotiation, corporate advisory, strategy, project implementation, and private and public investment and companies. In 2013, Mr Bosanac founded the Company, along with Dr. Katherine Iscoe. From September 2013 until October 2016, Mr Bosanac led the “development of the business-to-business strategy” (B2B) side of the operations and in October 2016 assumed the role of Chief Executive Officer. From 2007 until 2014, Mr Bosanac served as the founding partner and director of Greenday Corporate (“GDC”), focusing on deal origination and investor liaison. From 2009 until 2013, Mr Bosanac founded Greenday Commodities, where he assisted organizations both buy and sell commodities such as fuel oil, Iron Ore, and other sought-after commodities. From 2007 until 2014, Mr Bosanac served as the founding partner of Fullerton Private Capital, an SPV making specific private and public investments. From 2000-2007, Mr Bosanac served as the Executive Director of HealthTec Growth Partners (HGP) as a founding director and deal originator.

Mr Bosanac has not served as a director of any other listed companies in the 3 years immediately before the end of the 2021 financial year.

Mr Michael Melby

(Non-Executive Director)

Mr Melby is co-founder & co-Chief Executive Officer of FitLab, an integrated media & technology holding company focused on fitness & sport lifestyle. He is also co-founder of Mayweather Boxing + Fitness. Previously, Mr Melby was Vice President at New Evolution Ventures, where he invested in and operated health clubs worldwide and served as an executive at UFC Gym. Prior to that, he was co-founder of two technology startups (both of which exited to publicly traded companies), a private equity investor with ClearLight Partners and an investment banker with FBR Capital Markets. Mr Melby received his undergraduate degree from UC Berkeley & MBA from The Wharton School at the University of Pennsylvania.

Mr Melby has not served as a director of any other listed companies in the 3 years immediately before the end of the 2021 financial year.

Mr Nicholas Prosser

(Non-Executive Director)

Mr Prosser combines over 13 years of experience in the ICT sector and over 10 years as a founder, entrepreneur and private investor. Mr Prosser has been a director of the Company since April 2018. He has also served on the board of directors of Vudoo Pty Ltd, a video technology and SaaS platform, since January 2017. Since January 2008, he has served as the founder and member of the board of directors of Vega Blue Partnership. Mr Prosser founded ThinkCaddie in January 2017 until the Company’s sale to a third-party in November 2019. From January 2007 until May 2016, he was involved in Canberra Data Center. Additionally, he has served as the executive director of CPDone Pty, Ltd, a financial profession compliance company, since February 2016 and as a director of Vega Blue Partnership since January 2008. Mr Prosser has a Diploma in Security Risk Management from The Canberra Institute of Technology and is a member of the Australian Institute of Company Directors.”

Mr Prosser has not served as a director of any other listed companies in the 3 years immediately before the end of the 2021 financial year.

Directors' Report

Mr Dato Low Koon Poh - FACCA

(Non-Executive Director – appointed 13 July 2020)

Mr Low has 23 years of combined experience in accounting, auditing and consultancy, with experience in corporate finance, auditing, and accounting in various industries such as construction, plantation, hotels, property, manufacturing and marketing.

Mr Low has served as the director of the Advanced Human Imaging since July 2020. Mr Low started his accounting services practice KL Management Services, based in Petaling Jaya, in 2006. Mr Low has also served the President of IPO Partners Limited, a corporate advisory firm since April 2015, and a director of Round Table Partners Berhad since 2019. Since June 2019, Mr Low has served the Executive Chairman and Chief Executive Officer of Medi Lifestyle Limited, a Healthcare and Wellness company listed in the Singapore Exchange. Prior to his position at KL Management Service, Mr Low worked as an auditor for an international audit firm, an accountant for a Japanese MNC, plus a couple of years as Financial Controller for two public listed companies in Malaysia.

Mr Low is a Fellow member of the Association of Chartered Certified Accountants (ACCA) and a Practising Chartered Accountant under the Malaysian Institute of Accountants (MIA).

Mr Low is currently a director of Singaporean listed company, Medi Lifestyle Limited (appointed 1 June 2019).

Mr Peter Wall - B.Com, LLB, MAppFin FFin

(Non-Executive Chairman – resigned 22 January 2021)

Mr Wall is a corporate lawyer and has been a Partner at Steinepreis Paganin (Perth based corporate law firm) since July 2005. Mr Wall graduated from the University of Western Australia in 1998 with a Bachelor of Laws and Bachelor of Commerce (Finance). He has also completed a Masters of Applied Finance and Investment with FINSIA.

Mr Wall has a wide range of experience in all forms of commercial and corporate law, with a particular focus on technology, resources (hard rock and oil/gas), biotech, medical cannabis, equity capital markets and mergers and acquisitions. He also has significant experience in dealing in cross border transactions.

Mr Wall is currently non-executive chairman of ASX listed companies MMJ Group Holdings Ltd (appointed 14 August 2014), Transcendence Technologies Limited, Minbos Resources Limited (appointed 21 February 2014) and Pursuit Minerals Limited (appointed 13 January 2016).

In the 3 years immediately before the end of the 2021 financial period, Mr Wall served as non-executive chairman of Sky and Space Global Ltd (resigned 4 December 2018), Mandrake Resources Limited (resigned June 2019), Argent Minerals Ltd (resigned 5 March 2021) and Transcendence Technologies Limited (resigned 28 June 2021).

Directors' Report

Chief Financial Officer and Company Secretary

Steven Richards – (Hons) B.Compt, B.Compt (cum laude), Chartered Accountant

Mr Richards is an experienced CFO with over 18 years of working with fast-growing technologies companies and business transformation. Mr Richards has served as the CFO of the Company since August 2019. From January 2019 until July 2019 he served as the Chief Financial Officer for Airscope Industries, a high-tech drone technology company. From October 2016 until June 2019, Mr Richards worked as a Business Transformation Consultant, including Business Transformation Lead, at Ramesys Global. From September 2015 until October 2016, he served as a contracted Chief Financial Officer of the Finance and Business Transformation for the Government of Western Australia. From January 2014 until August 2015, Mr Richards served as the Finance and Administration Manager at HealthEngine, an Australian healthcare marketplace.

Mr Richards has an undergraduate degree from University of South Africa (B.Compt) which he obtained cum laude (with distinction), a post-graduate degree in accounting science and he has also qualified as a Chartered Accountant through the South African Institute of Chartered Accountants.

Interests in the Shares, Options and Performance Rights of the Company

The following interests in shares, options and performance rights of the Company were held by the directors, or their related entities, as at the date of this report:

Director	Number of fully paid ordinary shares	Number of Performance Shares – Class A	Number of Performance Shares – Class B	Number of Performance Rights Vested	Number of Performance Rights Not Vested
V Bosanac	5,391,864	-	-	2,000,000	10,000,000
M Melby	3,000,000	-	-	-	-
N Prosser	6,265,036	-	-	-	-
D Poh	300,000	-	-	-	-

Further details of the vesting conditions applicable to these performance shares and performance rights are disclosed in the remuneration report section of this directors' report.

Equity Securities on Issue

Class of Security	30 June 2021	30 June 2020
Ordinary fully paid shares	136,362,538	114,392,923
Options over unissued shares	8,120,291	11,450,000
Performance rights over unissued shares	20,150,000	15,700,000

Ordinary Fully Paid Shares

During the financial year 21,969,615 ordinary shares were issued. Since the end of the financial year and the date of this report, 558,333 ordinary shares have been issued on the exercise of options.

At the date of this report, there were 136,920,871 ordinary shares on issue. There are no unpaid amounts on the shares issued.

Directors' Report

Performance Rights over Ordinary Shares

During the year ended 30 June 2021, the Company issued 10,150,000 performance rights with various performance milestones to directors and employees under the Company's Incentive Performance Rights Plan. Each performance right entitles the holder the right to acquire one ordinary share subject to satisfaction of vesting criteria.

During the year 1,000,000 performance rights vested and 5,750,000 performance rights were exercised and converted to ordinary shares. No performance rights were cancelled during the financial year.

Since the end of the financial year and the date of this report, no performance rights have been granted, exercised, expired or cancelled.

The performance rights position at the date of this report is:

Grant Date	No of Rights	Expiry Date	Vesting
03 Mar 2017	2,000,000	03 Mar 2022	Vested
3 Sep 2018	3,000,000	3 Sep 2021	Vested
6 Sep 2019	5,000,000	04 Dec 2023	Subject to performance criteria
11 Dec 2020	10,000,000	16 Dec 2025	Subject to performance criteria
6 Nov 2020	150,000	6 Nov 2026	Subject to time based criteria
Total	20,150,000		

Options over Ordinary Shares

During the year ended 30 June 2021, the Company issued 4,166,667 unlisted placement options and 1,000,000 lead manager options, and 100,000 unlisted options were cancelled. Each option issued entitles the holder to subscribe for and be allotted one ordinary share.

During the year 8,396,376 options were exercised as shown in the table below. Of this amount, 1.6 million options were exercised utilising the cashless exercise provisions of the Option Incentive Scheme. The cashless exercise resulted in the issue of 1,161,572 ordinary shares.

Directors' Report

Options over Ordinary Shares (continued)

Options exercised during the year:

Grant Date	Number of options exercised	Exercise price (cents)	Vesting date	Expiry date
21 Dec 2016	1,750,000	10	31 Dec 2017	31 Dec 2020
21 Dec 2016	500,000	10-cashless	26 Oct 2018	31 Dec 2020
21 Dec 2016	500,000	10	31 Dec 2018	31 Dec 2021
31 Jul 2018	150,000	50-cashless	31 Dec 2019	31 Dec 2022
31 Jul 2018	150,000	50-cashless	31 Dec 2020	31 Dec 2023
7 Dec 2018	100,000	50-cashless	31 Dec 2019	31 Dec 2022
7 Dec 2018	100,000	50-cashless	31 Dec 2020	31 Dec 2023
1 Feb 2019	200,000	65-cashless	31 Dec 2019	31 Dec 2022
1 Feb 2019	200,000	65-cashless	31 Dec 2020	31 Dec 2023
12 Feb 2019	126,667	60	5 Mar 2019	20 Feb 2022
27 Nov 2019	1,000,000	25	4 Dec 2019	4 Dec 2022
27 Nov 2019	1,500,000	45	4 Jun 2020	4 Dec 2022
27 Nov 2019	1,000,000	60	4 Dec 2020	4 Dec 2022
24 Feb 2020	200,000	50-cashless	31 Jan 2021	31 Jan 2022
19 Oct 2020	919,709	160	19 Oct 2020	19 Oct 2023
Total	8,396,376			

Since the end of the financial year and the date of this report, 558,333 options have been exercised. No options have been issued, cancelled or vested between the end of the financial year and the date of this report.

At the date of this report unissued ordinary shares of the Company under option are:

Grant Date	Number of options granted	Exercise price (cents)	Vesting date	Expiry date
21 Dec 2016	750,000	10	31 Dec 2018	31 Dec 2021
21 Dec 2016	500,000	10	26 Oct 2019	30 Dec 2021
31 Jul 2018	250,000	50	31 Dec 2019	31 Dec 2022
31 Jul 2018	250,000	50	31 Dec 2020	31 Dec 2023
1 Feb 2019	200,000	65	31 Dec 2019	31 Dec 2022
1 Feb 2019	200,000	65	31 Dec 2020	31 Dec 2023
12 Feb 2019	65,000	60	5 Mar 2019	20 Feb 2022
27 Nov 2019	1,000,000	60	4 Dec 2020	4 Dec 2022
24 Feb 2020	100,000	50	31 Jan 2021	31 Jan 2022
19 Oct 2020	4,246,958	160	19 Oct 2020	19 Oct 2023
Total	7,561,958			

Under the terms of the Options, holders of options are not entitled to any voting rights nor may they participate in any share issue of the Company.

Directors' Report

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Significant Changes in the State of Affairs

During the financial year, the Company made a number of strategic investments. The Company acquired an equity interest in Canadian based Triage Technologies Inc, US-based blood pathology company Jana Care Inc and negotiating with Israeli-based musculoskeletal assessment company Physimax Technologies Limited with regards to a proposed acquisition. In addition, the Company participated in the capital raising of joint venture partner Body Composition Technologies Pte Ltd by way of convertible note which will allow the Company to take a majority stake of up to 54% in BCT on conversion, and loaned funds to Bearn LLC to enable the expansion of the Bearn platform.

A number of term sheets were executed with Partners during the financial period.

In October 2020 the Company completed a \$5 million placement with institutional and sophisticated investors through the issue of 4,166,667 fully paid ordinary shares.

Other than the above, there were no significant changes in the state of affairs of the consolidated entity during the year.

Events Subsequent to end of the Financial Year

On 1 July 2021, the Company announced that the maturity date of the convertible notes with ACAM (US\$1,125,000) and iConcept (US\$375,000) had been extended from 30 June 2021 to 30 September 2021.

Due diligence on the Physimax Technologies Limited acquisition concluded in early July. The Company is now in the process of updating the binding acquisition agreement. Since the end of the financial year, the Company has made payments of \$120,000 to Physimax.

On 27 August 2021, the Company announced the public filing of Foreign Issuer Form F-1 with the US Securities and Exchange Commission. This form is similar to a prospectus for an Australian initial public offering and relates to the proposed US public offering and listing on the NASDAQ.

In August 2021, the Company secured a \$700,000 advance with R & D Capital Partners Pty Ltd. Under the terms of this agreement, \$700,000 has been advanced to the Company, which represents approximately 70% of the tax incentive anticipated to be received in relation to the Australian government's R & D tax scheme for the 2021 tax year.

Other than as already stated in this report, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the consolidated entity to affect substantially the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

The impact of the Coronavirus ('COVID-19') pandemic is ongoing for the entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Directors' Report

Likely Developments and Expected Results

In late 2019, the parent entity commenced discussions with US advisors and bankers on the potential to dual list the Company on the US-based NASDAQ exchange and in August 2021 the Company announced that it had publicly filed an F-1 registration statement with the US Securities and Exchange Commission but has not yet become effective.

In general terms, the review of operations of the Company gives an indication of likely developments and the expected results of the operations. In the opinion of the directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Company.

Environmental Regulation and Performance

The consolidated entity is not subject to significant environmental regulation in respect of its operations.

Officers' and Auditors' Indemnities and Insurance

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance or indemnities for an auditor of the Company.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Directors' Meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director. During the financial year, the Company held 4 board meetings.

Director	Board of Directors' Meetings	
	Number Eligible to Attend	Number Attended
P Wall	2	2
V Bosanac	4	4
M Melby	4	4
N Prosser	4	4
Dato Low Koon Poh	4	4

Directors' Report

Non-audit Services

During the period PKF Perth, the consolidated entity's auditor, provided non-audit services of \$24,730 (2020: \$2,900). A further \$9,545 has been paid to PKF Brisbane for assurance services provided in connection with the listing of the Company on the NASDAQ Capital Market.

The Board considers any non-audit services provided during the year by the auditor and satisfies itself that the provision of any non-audit services during the year by the auditor is compatible with, and does not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services are reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the consolidated entity, acting as an advocate for the consolidated entity or jointly sharing risks and rewards.

Directors' Report

Remuneration Report (Audited)

Remuneration paid to Directors and Officers of the consolidated entity is set by reference to such payments made by other ASX listed companies of a similar size and operating in a similar industry. In addition, reference is made to the specific skills and experience of the Directors and Officers.

Details of the nature and amount of remuneration of each Director, and other Key Management Personnel if applicable, are disclosed annually in the consolidated entity's Annual Report.

Remuneration Committee

The Board has adopted a formal Remuneration Committee Charter which provides a framework for the consideration of remuneration matters.

The consolidated entity does not have a separate remuneration committee and as such all remuneration matters are considered by the Board as a whole, with no Member deliberating or considering such matter in respect of their own remuneration.

In the absence of a separate Remuneration Committee, the Board is responsible for:

1. Setting remuneration packages for Executive Directors, Non-Executive Directors and other Key Management Personnel; and
2. Implementing employee incentive and equity-based plans and making awards pursuant to those plans.

Non-Executive Remuneration

The consolidated entity's policy is to remunerate Non-Executive Directors, at rates comparable to other ASX listed companies in the same industry, for their time, commitment and responsibilities.

To align Directors' interests with shareholders' interests, remuneration may be provided to Non-Executive Directors in the form of equity based long term incentives.

1. Fees payable to Non-Executive Directors are set within the aggregate amount approved by shareholders at the Company's Annual General Meeting;
2. Non-Executive Directors' fees are payable in the form of cash and superannuation benefits;
3. Non-Executive superannuation benefits are limited to statutory superannuation entitlements; and
4. Participation in equity-based remuneration schemes by Non-Executive Directors is subject to consideration and approval by the Company's shareholders.

Executive Director and Other Key Management Personnel Remuneration

Executive remuneration consists of base salary, plus other performance incentives to ensure that:

1. Remuneration packages incorporate a balance between fixed and incentive pay, reflecting short- and long-term performance objectives appropriate to the consolidated entity's circumstances and objectives; and
2. A proportion of remuneration is structured in a manner to link reward to corporate and individual performances.

Executives are offered a competitive level of base salary at market rates (based on comparable ASX listed companies) and are reviewed regularly to ensure market competitiveness.

To date the consolidated entity has not engaged external remuneration consultants to advise the Board on remuneration matters.

Directors' Report

Remuneration Report (continued)

Incentive Plans

The consolidated entity provides long term incentives to Directors and Employees pursuant to the AHI Limited Incentive Option Plan (approved by shareholders on 27 November 2019) or the AHI Limited Incentive Performance Rights Plan (approved by shareholders on 11 December 2020).

The Board, acting in remuneration matters, will:

1. Ensure that incentive plans are designed around appropriate and realistic performance targets and provide rewards when those targets are achieved;
2. Review and improve existing incentive plans established for employees; and
3. Approve the administration of the incentive plans, including receiving recommendations for, and the consideration and approval of grants pursuant to such incentive plans.

Engagement of Non-Executive Directors

Non-Executive Directors conduct their duties under the following terms:

1. A Non-Executive Director may resign from his/her position and thus terminate their contract on written notice to the Company; and
2. A Non-Executive Director may, following resolution of the Company's shareholders, be removed before the expiration of their period of office (if applicable). Payment is made in lieu of any notice period if termination is initiated by the consolidated entity, except where termination is initiated for serious misconduct.

In consideration of the services provided by Mr Peter Wall as Non-Executive Chairman, the Company will pay him \$60,000 per annum.

In consideration of the services provided by Messrs Michael Melby, Nicholas Prosser and Dato Low Koon Poh as Non-Executive Directors, the Company will pay each of them \$36,000 per annum. In addition, Messrs Melby and Prosser will receive 1,000,000 fully paid ordinary shares for each 12-month period that they remain engaged with the Company.

Messrs Wall, Melby, Prosser and Low are also entitled to fees for other amounts as the Board determines where they perform special duties or otherwise perform extra services or make special exertions on behalf of the Company.

During the financial year ended 30 June 2021, the Company incurred no such additional costs.

Non-executive directors are eligible to participate in the Company's incentive plans.

Engagement of Executive Directors

Mr Vlado Bosanac

On 22 October 2020, the Company amended its service agreement with Mr Vlado Bosanac in relation to his role as Executive Director and Chief Executive Officer. Under the terms of the amended agreement. Mr Bosanac will be paid a base salary of \$350,000 (previously \$270,000) exclusive of statutory superannuation (Total Fixed Remuneration, or TFR). The TFR is subject to annual review by the Board of Directors and any increase in salary is subject to the discretion of the Board.

Directors' Report

Remuneration Report (continued)

Mr Bosanac may also receive a short-term performance-based reward in the form of bonus compensation up to 100% of the TFR, the performance criteria, assessment and timing of which are determined at the discretion of the Board. The Board has not yet determined this performance criteria, assessment or timing but when it has, this will apply prospectively.

Under the executive services agreement, Mr Bosanac is entitled to performance-based remuneration of 10,000,000 performance rights which was approved by shareholders on 11 December 2020. The performance rights are to be issued in 5 tranches of 2,000,000 rights per tranche.

Any shares issued on exercise of the performance rights will be subject to voluntary escrow. All tranches of the performance rights expire on 16 December 2025.

The executive services agreement can be terminated without cause with 6 months written notice or the provision of 6 month's salary in lieu of notice.

Short Term Incentive Payments

The Board may, at its sole discretion, set the Key Performance Indicators (KPIs) for the Executive Directors or other Executive Officers. The KPIs are chosen to align the reward of the individual Executives to the strategy and performance of the consolidated entity.

Performance objectives, which may be financial or non-financial, or a combination of both, are determined by the Board.

No short-term incentives are payable to Executives where it is considered that the actual performance has fallen below the minimum requirement.

No formal performance evaluation in respect of the year ended 30 June 2021 has taken place in accordance with this process, and no short-term incentive payments have been paid or are payable to Executives in respect of the financial year ended 30 June 2021.

The CEO sets the KPIs for other members of staff, monitors actual performance and may recommend payment of short-term bonuses to certain employees to the Board for approval.

Shareholding Qualifications

The Directors are not required to hold any shares in the Company under the terms of the Company's constitution.

Directors' Report

Remuneration Report (continued)

Consequences of Company Performance on Shareholder Wealth

In considering the Company's performance and benefits for shareholder wealth, the Board provide the following indices in respect of the current financial year:

	2021	2020	2019	2018	2017
Loss for the period attributable to shareholders	\$14,060,992	\$5,396,512	\$4,357,162	\$13,919,468	\$2,189,609
Closing share price on 30 June	\$1.32	\$0.17	\$0.17	\$0.375	\$0.065

Remuneration Disclosures

Directors and Key Management Personnel of the Company have been identified as:

Mr Peter Wall	Non-Executive Chairman (resigned 22 January 2021)
Mr Vlado Bosanac	Executive Chairman and Chief Executive Officer
Mr Michael Melby	Non-Executive Director
Mr Nick Prosser	Non-Executive Director
Mr Dato Low Koon Poh	Non-Executive Director
Mr Steven Richards	Chief Financial Officer and Company Secretary

The details of the remuneration of each Director and member of Key Management Personnel of the consolidated entity are as follows:

30 June 2021	Short Term		Post-Employment	Value of Share-based Payments)	Total	Proportion Performance Related
	Base Salary and Consulting Fees	Short Term Incentive	Superannuation Contributions			
	\$	\$	\$	\$	\$	%
Directors and Key Management Personnel:						
P Wall	35,000	-	-	-	35,000	-
V Bosanac ¹	323,333	-	30,717	1,915,485	2,269,535	84.4%
M Melby ²	36,000	-	-	1,065,000	1,101,000	-
N Prosser ³	36,000	-	3,420	2,855,000	2,894,420	-
L Koon Poh ⁴	34,956	-	-	-	34,956	-
S Richards	199,066	-	18,911	-	217,977	-
Total	664,355	-	53,048	5,835,485	6,552,888	

¹ The fair value of Performance Rights is calculated at the date of grant using an option pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed in the above tables is the portion of the fair value of the performance rights recognised in the current reporting period. The basis of the fair value is disclosed later in this Remuneration Report.

Directors' Report

Remuneration Report (continued)

² A total of 1,000,000 shares were issued to Mr Michael Melby pursuant to the terms of his contract for services and following approval at the Company's 2020 Annual General Meeting. The issue related to the service period ended 27 October 2020 and the fair value of shares is based on the market value of the shares at the date of issue.

³ A total of 2,000,000 shares were issued to Mr Nicholas Prosser pursuant to the terms of his contract for services and following approval at the Company's 2020 Annual General Meeting. The issue related to the service periods ended 18 April 2020 and 18 April 2021. The fair value of shares is based on the market value of the shares at the date of issue.

⁴ Appointed 13th July 2020.

30 June 2020	Short Term		Post-Employment	Value of Share-based Payments) ¹	Total	Proportion Performance Related
	Base Salary and Consulting Fees	Short Term Incentive	Superannuation Contributions			
	\$	\$	\$	\$	\$	%
Directors and Key Management Personnel:						
P Wall	60,000	-	-	-	60,000	-
V Bosanac	270,000	-	25,650	-	295,650	-
M Melby	36,000	-	-	270,000	306,000	-
N Prosser	36,000	-	3,420	270,000	309,420	-
S Richards ²	136,364	-	12,955	-	149,319	-
Total	538,364	-	42,025	540,000	1,120,389	-

¹ Shares issued to Mr Michael Melby and Nick Prosser were approved at the Company's 2019 Annual General Meeting. The fair value of shares is based on the market value of the shares at the date of issue.

² Appointed 2nd September 2019. Mr Richards' salary package on 6 July 2020 was \$219,000 per annum.

Details of Short-Term Performance Related Remuneration

There have been no Short-Term Incentive payments made to Directors or Key Management Personnel of the consolidated entity during the financial year ended 30 June 2021.

Directors' Report

Remuneration Report (continued)

Equity instrument disclosures relating to key management personnel

Options

Granted as Remuneration

There were no options over unissued shares issued to Directors or Key Management Personnel of the consolidated entity during the financial year ended 30 June 2021.

Exercised during the year

There were no ordinary shares issued during the financial year on the exercise of options previously granted as remuneration to Directors or Key Management Personnel of the consolidated entity.

Options forfeited/lapsed during the year

No options granted as compensation to Key Management Personnel in the current and/or prior years were forfeited / lapsed.

Option holdings

No options have been issued, exercised or held by Key Management Personnel during or since the end of the financial year ended 30 June 2021.

Performance Rights

Each performance right entitles the holder the right to acquire one ordinary share subject to satisfaction of vesting criteria.

Granted as Remuneration

During the financial year, the Company granted 10,000,000 performance rights to Director Mr Vlado Bosanac following shareholder approval. Each performance right entitles the holder the right to acquire one ordinary share subject to the satisfaction of vesting criteria as shown below. All tranches of rights expire on 16 December 2025. The performance rights were independently valued using the Hoadleys Hybrid ESO Model and the share price at grant date of \$1.055, historical volatility of approximately 125% and risk-free rate of between 0.04% and 0.35% depending on the milestone.

No of Rights	Grant Date	Fair Value per Right	Vesting Criteria (the first to occur of):
2,000,000	11.12.2020	\$0.6785	1) the Company's share price achieving a 20-day VWAP of \$1.20 2) the Company achieving a valuation that values the Company, on a fully diluted basis, at not less than A\$300,000,000 market capitalisation 3) the Company achieving revenue of A\$2,000,000 in a financial quarter. To be achieved within 12 months from date of issue.
2,000,000	11.12.2020	\$0.7869	1) the Company's share price achieving a 20-day VWAP of \$1.30 2) the Company achieving a valuation that values the Company, on a fully diluted basis, at not less than A\$300,000,000 market capitalisation 3) the Company achieving revenue of A\$3,000,000 in a financial quarter. To be achieved within 24 months from date of issue.

Directors' Report

Remuneration Report (continued)

Performance Rights (continued)

No of Rights	Grant Date	Fair Value per Right	Vesting Criteria (the first to occur of):
2,000,000	11.12.2020	\$0.8514	1) the Company's share price achieving a 20-day VWAP of \$1.40 2) the Company achieving a valuation that values the Company, on a fully diluted basis, at not less than A\$300,000,000 market capitalisation 3) the Company achieving revenue of A\$4,000,000 in a financial quarter. To be achieved within 36 months from date of issue.
2,000,000	11.12.2020	\$0.9046	1) the Company's share price achieving a 20-day VWAP of \$1.50 2) the Company achieving a valuation that values the Company, on a fully diluted basis, at not less than A\$300,000,000 market capitalisation 3) the Company achieving revenue of A\$7,500,000 in a financial quarter. To be achieved within 48 months from date of issue.
2,000,000	11.12.2020	\$0.9312	1) the Company's share price achieving a 20-day VWAP of \$1.70 2) the Company achieving a valuation that values the Company, on a fully diluted basis, at not less than A\$300,000,000 market capitalisation 3) the Company achieving revenue of A\$10,000,000 in a financial quarter. To be achieved within 60 months from date of issue.

Exercised during the year

The following performance rights held by Mr Vlado Bosanac were exercised during the year:

No of Rights	Grant Date	Expiry Date	Fair Value per Right	Vesting Criteria (the first to occur of):
2,000,000	03.03.2017	03.03.2021	\$0.72	1) 200,000 users or \$2.5m annualised revenue; and 2) The 10-day VWAP equal to or greater than \$0.50

Forfeited/lapsed during the year

No performance rights granted as compensation in the current and/or prior years were forfeited / lapsed.

Directors' Report

Remuneration Report (continued)

Performance Rights (continued)

Performance Rights holdings

Performance rights held by Mr Vlado Bosanac on 30 June 2021 and at the date of this report are:

No of Rights	Grant Date	Expiry Date	Fair Value per Right	Vesting Criteria (the first to occur of):
2,000,000	03.03.2017	03.03.2022	\$0.72 ¹	1) 250,000 users or \$5m annualised revenue; and 2) The 10-day VWAP equal to or greater than \$0.60
2,000,000	11.12.2020	16.12.2025	\$0.68 ²	1) 20 day VWAP of \$1.20; or 2) Market capitalisation of A\$300 million; or 3) A\$2 million revenue in a financial quarter.
2,000,000	11.12.2020	16.12.2025	\$0.79 ²	4) 20 day VWAP of \$1.30; or 5) Market capitalisation of A\$300 million; or 6) A\$3 million revenue in a financial quarter.
2,000,000	11.12.2020	16.12.2025	\$0.85 ²	7) 20 day VWAP of \$1.40; or 8) Market capitalisation of A\$300 million; or 9) A\$4 million revenue in a financial quarter.
2,000,000	11.12.2020	16.12.2025	\$0.90 ²	10) 20 day VWAP of \$1.50; or 11) Market capitalisation of A\$300 million; or 12) A\$7.5 million revenue in a financial quarter.
2,000,000	11.12.2020	16.12.2025	\$0.93 ²	13) 20 day VWAP of \$1.70; or 14) Market capitalisation of A\$300 million; or 15) A\$10 million revenue in a financial quarter.

¹ Company share price on 29 November 2017, being the date the rights were revalued due to a change in the terms of the performance-based criteria as approved by Shareholders at the Company's 2017 Annual General meeting.

² Based on an independent valuation using the Hoadley's Hybrid ESO Model.

The movement for the 2021 financial year in performance rights held by Directors is:

Name	Balance at start of the year	Received during the year as remuneration	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
V Bosanac	4,000,000	10,000,000	(2,000,000)	-	12,000,000	2,000,000

Directors' Report

Remuneration Report (continued)

Share holdings

The number of shares in the Company held during the financial period by key management personnel of the consolidated entity, including their related parties are set out below. During the reporting period, 1,000,000 shares were granted to Michael Melby and 2,000,000 shares were granted to Nicholas Prosser under their contract for services.

Name	Balance at start of the year	Received during the year as remuneration	Other changes during the year	Balance at the end of the year
P Wall	8,700,000	-	(8,700,000) ¹	-
V Bosanac	5,391,864	-	- ²	5,391,864
M Melby	2,000,000	1,000,000	-	3,000,000
N Prosser	6,503,582	2,000,000	(2,238,546) ³	6,265,036
K Low	-	-	300,000 ³	300,000
S Richards	-	-	-	-

¹ Holding on cessation of directorship.

² Net movement in shares issued on the exercise of performance rights (2 million), less shares disposed of in off-market transfers.

³ Shares acquired/disposed of in off-market transfers.

Loans made to key management personnel

No loans were made to key personnel, including personally related entities during the reporting period.

Loans received from key management personnel

No loans were received from key management personnel.

Other transactions with key management personnel

During the financial year ended 30 June 2021, the consolidated entity paid \$150,476 (2020: \$20,156) to Steinepreis Paganin, an entity associated with Mr Peter Wall, for legal services. At 30 June 2021, \$26,865 was owing to Steinepreis Paganin (2020: \$10,622).

End of Remuneration Report

Directors' Report

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

This report is made in accordance with a resolution of the Directors.

DATED at Perth this 30th day of September 2021.



Vlado Bosanac

Executive Chairman and Chief Executive Officer

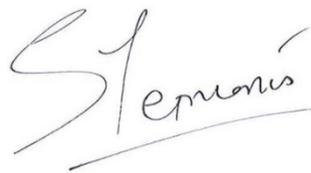
AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF ADVANCED HUMAN IMAGING LIMITED

In relation to our audit of the financial report of Advanced Human Imaging Limited for the year ended 30 June 2021, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF PERTH



SIMON FERMANIS
PARTNER

30 SEPTEMBER 2021
WEST PERTH,
WESTERN AUSTRALIA

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Note	Year Ended 30 June 2021 \$	Year Ended 30 June 2020 \$
Revenue			
Primary revenue			
Recurring revenue – per month		-	139,492
Software development kits – per user		13,931	366
Software development kits – per scan		597	32
Secondary revenue			
Integration and development income		46,330	-
Pilot income		32,492	525
Other revenue	3	1,108,987	526,768
Total revenue		1,202,337	667,183
Expenses			
Employee expenses	3	(9,886,211)	(3,899,432)
Sales and marketing		(1,447,083)	(1,267,969)
General administration	3	(1,693,221)	(1,418,944)
Impairment of assets	3,27	(2,812,687)	-
Operating loss		(14,636,865)	(5,919,162)
Finance income		42,129	14
Financing costs		(250,668)	(143,582)
Net finance costs		(208,539)	(143,568)
Loss before income tax		(14,845,404)	(6,062,730)
Income tax benefit	4	784,412	666,218
Net loss for the year		(14,060,992)	(5,396,512)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to members		(14,060,992)	(5,396,512)
Loss per share			
Basic and diluted loss per share	5	Cents (11.20)	Cents (5.16)

The Notes to the Consolidated Financial Statements form part of this Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Consolidated Statement of Financial Position

As at 30 June 2021

	Note	30 June 2021 \$	30 June 2020 \$
Current assets			
Cash and cash equivalents	7	2,172,499	627,304
Trade and other receivables	8	243,300	294,122
Prepayments	9	905,355	294,568
Inventories	10	-	4,734
Loan receivable - other	28	682,421	-
Total current assets		4,003,575	1,220,728
Non-current assets			
Other financial assets	11	37,500	37,500
Right-of-use asset	12	105,594	175,992
Property, plant and equipment	13	58,615	78,295
Loans receivable - related entities	25	-	68,500
Investments	27	-	-
Intangible asset	14	1,215,915	1,373,492
Total non-current assets		1,417,624	1,733,779
Total assets		5,421,199	2,954,507
Current liabilities			
Trade and other payables	15	555,057	785,939
Employee leave liabilities	16	438,991	312,463
Deferred income		132,800	-
Interest bearing borrowings	17	2,178,142	865,000
Lease liabilities	18	86,913	68,144
Total current liabilities		3,391,903	2,031,546
Non-current liabilities			
Interest bearing borrowings	17	-	322,331
Lease liabilities	18	51,212	138,124
Total non-current liabilities		51,212	460,455
Total liabilities		3,443,115	2,492,001
Net Assets		1,978,084	462,506
Equity			
Issued capital	19	39,213,794	24,355,213
Reserves	19	5,293,019	4,576,829
Accumulated losses		(42,528,729)	(28,469,536)
Total Equity		1,978,084	462,506

The Notes to the Consolidated Financial Statements form part of this Consolidated Statement of Financial Position.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	Issued capital	Accumulated losses	Equity compensation reserve	Convertible note reserve	Total
	\$	\$	\$	\$	\$
At 1 July 2019	13,782,565	(23,163,558)	9,902,156	27,633	548,796
Net loss for the year	-	(5,396,512)	-	-	(5,396,512)
Other comprehensive income					
Total comprehensive loss for the year	-	(5,396,512)	-	-	(5,396,512)
Capital raising	2,000,000	-	-	-	2,000,000
Costs of capital raising	(123,000)	-	-	-	(123,000)
Options and rights exercised	6,262,369	-	(6,166,243)	-	96,126
Options expired		90,534	(90,534)	-	-
Performance shares expired	(300)	-	-	-	(300)
Conversion of convertible notes	1,337,079	-	-	(27,633)	1,309,446
Share-based payments					
Suppliers	556,500	-	396,919	-	953,419
Directors	540,000	-	-	-	540,000
Employees	-	-	534,531	-	534,531
At 30 June 2020	24,355,213	(28,469,536)	4,576,829	-	462,506
	Issued capital	Accumulated losses	Equity compensation reserve	Convertible note reserve	Total
	\$	\$	\$	\$	\$
At 1 July 2020	24,355,213	(28,469,536)	4,576,829	-	462,506
Net loss for the year	-	(14,060,992)	-	-	(14,060,992)
Other comprehensive income					
Total comprehensive loss for the year	-	(14,060,992)	-	-	(14,060,992)
Capital raising	5,000,000	-	-	-	5,000,000
Costs of capital raising	(1,085,468)	-	-	-	(1,085,468)
Options and rights exercised	6,006,549	-	(2,709,020)	-	3,297,529
Options expired		1,799	(1,799)	-	-
Option exercise proceeds	-	-	335,000	-	335,000
Share-based payments					
Suppliers	1,017,500	-	781,012	-	1,798,512
Directors	3,920,000	-	1,915,485	-	5,835,485
Employees	-	-	395,512	-	395,512
At 30 June 2021	39,213,794	(42,528,729)	5,293,019	-	1,978,084

The Notes to the Consolidated Financial Statements form part of this Consolidated Statement of Changes in Equity.

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Note	30 June 2020 \$	30 June 2019 \$
Cash flows from operating activities			
Receipts from customers		1,385,959	153,291
Other income		-	663,624
Research & Development tax incentive and government grants		946,412	666,218
Interest received		7,248	14
Interest and other costs of finance paid		-	(53,472)
Payments to suppliers and employees		(6,441,705)	(4,126,939)
Net cash flows used in operating activities	7	(4,102,086)	(2,697,264)
Cash flows from investing activities			
Payments for property, plant and equipment		(23,453)	(62,372)
Payments for application development costs		(78,279)	(103,810)
Loans from related party		68,500	81,500
Loans to other entities		(647,954)	-
Payments for investments		(2,760,945)	-
Net cash flows used in investing activities		(3,442,131)	(84,682)
Cash flows from financing activities			
Proceeds from borrowings		1,821,810	1,612,331
Repayment of borrowings		(865,000)	(698,000)
Repayment of lease liabilities	18	(103,105)	(4,923)
Proceeds from the issue of shares		8,632,535	2,050,000
Payments for share issue costs		(396,975)	(123,000)
Net cash flows from financing activities		9,089,265	2,836,408
Net decrease in cash assets		1,545,048	54,462
Cash at the beginning of the financial year		627,304	573,977
Cash at the end of the financial year		2,172,352	628,439
Unrealised foreign currency losses		147	(1,135)
Cash at the bank as per the balance sheet	7	2,172,499	627,304

The Notes to the Consolidated Financial Statements form part of this Consolidated Statement of Cash Flows.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 1 Summary of Significant Accounting Policies

Advanced Human Imaging Limited (the “Company”, “the parent entity” or “AHI”) is a listed public company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2021 comprises the Company and its subsidiaries, together referred to as the consolidated entity.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of financial report

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, and Australian Accounting Standards and Interpretations. The consolidated financial statements are presented in Australian dollars and have been prepared on a historical cost basis, except for available for sale investments and derivative financial instruments which have been measured at fair value. Cost is based on the fair values of consideration given in exchange for assets. For the purpose of preparation of the consolidated financial statements the consolidated entity is a for-profit entity.

The accounting policies below have been consistently applied to all of the periods presented unless otherwise stated.

The financial report of the consolidated entity was authorised for issue in accordance with a resolution of Directors on 30 September 2021.

Going Concern

These consolidated financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

For the year ended 30 June 2021, the consolidated entity incurred an operating loss of \$14,060,992 which included significant non-cash items, such as a provision for impairment as well as share-based payments, of approximately \$10,108,653. The adjusted non-IFRS operating loss, after making an adjustment for the non-cash items referred to above, is \$3,952,339. Notwithstanding the fact the Company incurred an operating loss, and has a net cash outflow from operating activities amounting to \$4,102,086, the Directors are of the opinion that the consolidated entity is a going concern for the following reasons:

- As mentioned in the Company’s Appendix 4C Quarterly Cash Flow Report for Entities subject to Listing Rule 4.7B as announced to ASX on 30 July 2021, the Company expects to raise funds leading up to its potential listing on the NASDAQ exchange and is confident of raising an appropriate amount of cash to fund its operations.
- The consolidated entity has executed numerous agreements with channel partners across its four business verticals and as such, has transitioned to a “growth” phase and is in the process of expanding its operations. It is expected that each partner will launch their apps, embedded with AHI technology, within the next financial year, unless there are any unforeseen delays. This is anticipated to generate revenue and take the Company past breakeven point at current expense levels.
- In October 2020, the Company signed an agreement with Nexus-Vita. Under the terms of the agreement, Nexus-Vita will pay AHI a minimum guaranteed revenue of US\$3,588,000 in the first year of launch. In addition, the parties signed an integration agreement which will generate additional revenue for AHI in the amount of US\$500,000 upon completion (refer to ASX announcement dated 22 June 2021). In total, the Company expects to generate revenue from Nexus-Vita in the amount of US\$4.1 million (A\$5.5 million) in the first twelve (12) months from launch.
- In February 2021, the Company signed an agreement with Tinjoy. Tinjoy is expected to go live in September 2021 and recently undertook a preregistration launch. The initial preregistration launch only offered an annual subscription of 310 Chinese Yuan (A\$64.86) and generated a total initial preregistration number of 144,391 users (as announced to ASX on 18 August 2021), which translates to an initial revenue commitment from its users of 44,761,210 Chinese Yuan (\$9.3 million), which is subject to a 70:30 revenue share where AHI is to receive 70%. This amounts to an initial revenue commitment of approximately \$6.6 million (revenue is not guaranteed and subject to change).

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 1 Summary of Significant Accounting Policies

(a) Basis of preparation of financial report (continued)

Going concern (continued)

- Nexus-Vita and Tinjoy combined, as described above, provides the Company with a potential revenue of \$12.1 million, which is substantially higher than the Company's net cash outflow from operating activities of \$4,102,086.
- In August 2021, the Company secured a \$700,000 advance with R & D Capital Partners Pty Ltd. Under the terms of this agreement, \$700,000 has been advanced to the Company, which represents approximately 70% of the tax incentive anticipated to be received in relation to the Australian government's R & D tax scheme for the 2021 tax year. An amount of \$784,412 was received in the 2020 tax year in relation to the Company's R&D tax claim.
- The convertible notes will mature when the Company lists on the NASDAQ.

The consolidated entity's ability to continue as a going concern and meet future working capital requirements is dependent on the above points being realised. Should the Company not be successful in generating the required cash flows, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AIFRS), in their entirety. Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards (IFRS) in their entirety.

Material accounting policies adopted in the presentation of these consolidated financial statements are presented below.

New or amended accounting standards and interpretations adopted in the current year

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

(b) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 1 Summary of Significant Accounting Policies (continued)

(b) Income tax (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from or payable to the ATO are classified as operating cash flows.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 1 Summary of Significant Accounting Policies (continued)

(d) Impairment of tangible and intangible assets other than goodwill

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimate used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in previous years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such reversal the depreciation charge is adjusted in future periods to allocate the assets revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(e) Impairment of financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 1 Summary of Significant Accounting Policies (continued)

(f) Intangible assets

An intangible asset arising from externally acquired intellectual property and development expenditure on an internal project is recognised only when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

The amortisation method and useful life of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

The following useful life is used in the calculation of amortisation:

Internally developed software	5 years
-------------------------------	---------

(g) Revenue and other income

The consolidated entity's primary revenue stream is software development kits provided to customers by way of a license agreement (for the use Advanced human Imaging's intellectual property). The Company generates revenue at the time its customers' end-users subscribe to the customer's platform to access the software, or at the point in time a scan is captured by the customer's end-users while they are on the customer's platform.

The consolidate entity also has secondary revenue streams including:

- Integration fees
- License fees
- Other application development and support fees.

i) Identification of distinct elements and separate performance obligations

Primary revenue streams

Revenue is generated at the time the Company's customers' end-users subscribe to the customer's platform to access the software, or at a point in time a scan is captured by the customer's end-users while they are on the customer's platform. Most of the Company's contracts with its customers are structured on a monthly basis, have a minimum term of 1 year and are recognised as follows:

- **Per user** - Revenue is charged per subscribed end-user on the customer's platform, where per user price reduces based on the volume of users.
- **Per body scan** - The customer is charged when a scan is captured.

We have Licensing Agreements with WellteQ, Evolt, Boditrax, MVMNT, BCT, Bearn, Active8me, Biomophik, Jayex Healthcare, Nexus-Vita, Triage, Tinjoy and the Original Fit Company ("TOFF").

Secondary revenue streams

These services can be provided at any point in time over the term of the contract and are usually a one-time, or a series of one-time events.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 1 Summary of Significant Accounting Policies (continued)

(g) Revenue and other income (continued)

Nature of services provided to BCT

The Company's services rendered under the joint venture agreement with BCT fall under the terms of a commercial contract for the provision of day-to-day services which are billed monthly and include:

- A charge for rent, AWS monthly fees;
- Back-end managed services monthly fees; and
- Utilization of the Company's staff for research, development and other technical work.

The Company recognises revenue for above mentioned services under AASB 15 at the point in time the service is delivered to BCT under the terms of the contract.

ii. Revenue recognition under AASB 15

Revenue Stream	Performance Obligation	Timing of Recognition
Software development kits - per user	Integration of the software our development kits into the customer's platform, a performance obligation is triggered when an end-user subscribes (to the customer's platform).	Recognised at the time of the end-users subscription to the customer's platform, where the end-user benefits from accessing the Company's software (on the customer's platform).
Software development kits - per scan	Integration of the software development kits into the customer's platform, a performance obligation is triggered each time a scan is captured by the end-user.	Recognised at the point in time, a scan is captured by the end-user.
Secondary revenue streams	As defined in the contract either at the start of the service, or as requested by the customer over the life of the contract.	Recognised at the point in time, a service is delivered to the customer under the terms of the contract.

Other income

Revenue recognised in any period is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation has been performed, or over time as control of the performance obligation is transferred to the customer.

Interest received

Interest income is recognised when it is probable that the economic benefits will flow to AHI and the amount of revenue can be reliably measured.

All revenue is stated net of the amount of goods and services tax.

(h) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 1 Summary of Significant Accounting Policies (continued)

(i) Trade and other receivables

Trade receivables, which generally have 14–30-day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

(k) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. The carrying amount of plant and equipment is reviewed annually to ensure it is not more than the recoverable amount from these assets.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Class of Asset	Useful Life
Office Equipment	3 – 5 years
Furniture & Fixtures	5 – 7 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(l) Right-of-use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(m) Investments in equity-accounted investees

The Company's interest in equity-accounted investees comprise an interest in a joint venture. A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in the joint venture are accounted for using the equity method. The interest is initially recognised at cost, which includes transaction costs. After initial recognition, the financial statements include the Company's share of the profit or loss of equity-accounted investees, until the date on which joint control ceases.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 1 Summary of Significant Accounting Policies (continued)

(n) Investments and Other Financial Assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

- i. held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
- ii. designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

(o) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(p) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(q) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Performance shares are classified as equity and are convertible into fully paid ordinary shares of the Company on successful achievement of certain predetermined key performance indicators. Refer to note 19 for details of key performance indicators applying to performance shares currently on issue.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 1 Summary of Significant Accounting Policies (continued)

(r) Share-based Payments

Equity Settled Transactions:

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of Options is determined by using an appropriate valuation model. Share rights are valued at the underlying market value of the ordinary shares over which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the underlying Shares (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, the cumulative expense recognised in respect of that award is transferred from its respective reserve to accumulated losses. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled award and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

(s) Critical accounting estimates and judgements

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the consolidated financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 1 Summary of Significant Accounting Policies (continued)

(s) Critical accounting estimates and judgements (continued)

Estimation of useful life of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its finite life intangible assets. The useful lives could change significantly as a result of technical innovation or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Capitalisation of internally developed software

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired. Management is required to make judgements, estimates and assumptions for the Net Present Value model which supports the carrying value of the software, if there is indication of impairment, its useful life and its amortisation rate.

Share-based Payments

The Company measures the cost of cash-settled share-based payments at fair value using an appropriate model taking into account the terms and conditions upon which the instruments were granted, as well as estimates made by management. The valuation model used to calculate the value of the performance rights assumes that the share price will be compared to the share price target in the 20 days prior to the test date, which is the end of the performance measurement period. That is, the share price must close above the share price target on every day for 20 days prior to the last day of the performance measurement date.

Determination of incremental borrowing rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, an estimate of the Company's incremental borrowing rate is used.

To determine the incremental borrowing rate, where possible recent third-party financing received is used as a starting point and adjusted to reflect changes in financing conditions since third party financing was received. If there was no recent third-party financing agreement, a build-up approach is used that starts with a risk-free interest rate adjusted for credit risk for the lessee and any further relevant adjustments specific to the lease.

Impairment of Investments and Intangible Assets

The consolidated entity assesses impairment of investments and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

(t) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Deferred tax assets and liabilities are always classified as non-current.

(u) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Pinnacle Listed Practical Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares

(v) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

(w) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 2 Segment Information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources.

Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. Although the Company has a global reach, its sole activity is mobile application and technology development from an operation which is based within Australia, therefore it has aggregated all operating segments into the one reportable segment being technological development. It is the Company's intention to list the Company on the NASDAQ in the United States of America. Once this occurs, the Company will review its operating segments.

The reportable segment is represented by the primary statements forming these financial statements.

Note 3 Revenue and Expenses

	2021 \$	2020 \$
Loss for the period includes the following specific income and expenses:		
Other revenue:		
Consultancy income	17,302	19,105
Grant income	37,500	80,000
License revenue	500,000	-
Joint venture income	553,185	420,839
Other income	1,000	6,824
	1,108,987	526,768
Supplier share-based payment ^{1,2}	1,064,970	953,419
Foreign exchange gain/(loss)	147,105	(1,135)
Amortisation and depreciation expense	349,387	245,645
Provision for impairment expense (refer note 27)		
Triage Technologies Inc	1,362,717	-
Jana Care Inc	690,153	-
Body Composition Technologies Pte Ltd	680,008	-
Physimax Technologies Limited	79,809	-
	2,812,687	-
Employee expenses:		
Salaries and wages	2,830,510	2,489,955
Defined contribution superannuation	266,626	236,502
Share-based payments expense ²	6,230,997	1,120,357
Employment taxes and insurances	523,903	99,294
Other employment expenses	196,175	97,324
Government grants - Jobkeeper	(162,000)	(144,000)
	9,886,211	3,899,432

¹ Options issued to suppliers under corporate advisory and investor relations consultancy agreements.

² The fair value of equity settled transactions with employees, directors and suppliers is apportioned over the period from grant date to vesting date. See Note 20 for details of transactions vesting within the financial year.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 4 Income Tax

	2021 \$	2020 \$
<i>a) Income tax expense</i>		
Current income tax		
Current income tax charge (benefit)	(1,072,354)	(527,876)
Current income tax not recognised	1,072,354	527,876
Research and development tax concession	(784,412)	(666,218)
Deferred income tax:		
Relating to origination and reversal of timing differences	4,045,253	1,889,890
Deferred income tax benefit not recognised	(4,045,253)	(1,889,890)
Income tax benefit reported in the Statement of profit or loss and other comprehensive income	(784,412)	(666,218)
<i>b) Reconciliation of income tax expense to prima facie tax payable</i>		
Loss from continuing operations before income tax expense	(14,060,992)	(6,062,730)
Tax at the Australian rate of 26% (2020: 25%)	(3,655,858)	(1,515,682)
Capital raising costs claimed	(39,705)	(43,509)
Non-deductible expenses	1,984,541	118,321
Impact of reduction of future corporate tax rate	-	(151,569)
Research and development tax concession	(784,412)	(666,218)
Unused tax losses and temporary differences not recognised as deferred tax assets	1,711,022	1,592,439
Tax benefit	(784,412)	(666,218)
<i>c) Deferred tax – Statement of Financial Position (unrecognised)</i>		
<i>Liabilities</i>		
Accrued income	-	(21,450)
Unrealised foreign exchange gain	(49,982)	-
Prepaid expenses	(10,375)	(81,006)
	(60,357)	(102,456)
<i>Assets</i>		
Revenue losses available to offset against future taxable income	2,776,480	1,805,745
Accrued expenses and leave provisions	145,076	121,337
Deductible equity raising costs	123,406	65,264
Lease liability	8,133	-
Development asset	185,706	-
Patents	176,402	-
Investments	690,407	-
	4,105,610	1,992,346
Net deferred tax asset	4,045,253	1,889,890

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 4 Income Tax (continued)

Deferred tax assets have been recognised to the extent that they extinguish deferred tax liabilities of the Company as at the reporting date.

Net deferred tax assets have not been recognised, in either reporting period, in respect of amounts in excess of deferred tax liabilities.

The tax benefits of the above deferred tax assets will only be obtained if:

- (i) The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the tax losses to be realised;
- (ii) The Company continues to comply with the conditions for deductibility imposed by law; and
- (iii) No changes in tax legislation adversely affect the Company realising the benefit from the deduction of the losses.

All unused tax losses were incurred by Australian entities.

Change in future corporate tax rate

There has been a legislated change in the corporate tax rate that will apply to future income years. The impact of this reduction in the corporate tax rate has been reflected in the unrecognised deferred tax positions and the prima face income tax reconciliation above.

Note 5 Loss per Share

	2021 \$	2020 \$
<i>a) Basic loss per share</i>		
Loss attributable to ordinary equity holders of the Company (cents)	(11.20)	(5.16)
<i>b) Diluted loss per share</i>		
Loss attributable to ordinary equity holders of the Company (cents)	(11.20)	(5.16)
<i>c) Loss used in calculation of basic and diluted loss per share</i>		
Loss after tax from continuing operations	(14,060,992)	(5,396,512)
	No.	No.
<i>d) Weighted average number of shares used as the denominator</i>		
Weighted average number of shares used as the denominator in calculating basic and dilutive loss per share	125,501,361	104,619,383

Options and share rights to acquire ordinary shares granted by the Company and not exercised at the reporting date have been included in the determination of diluted earnings per share to the extent to which they are dilutive. Options or share rights on issue at 30 June 2021 are considered to be anti-dilutive due to the loss incurred during the financial year.

Note 6 Dividends

No dividends were paid or proposed during the financial years ended 30 June 2021 and 30 June 2020.

The Company has no franking credits available as at 30 June 2021 and 2020.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 7 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash at bank ¹	2,172,499	627,304

¹ Cash at bank earns interest at floating rates based on daily deposit rates.

Reconciliation to the Statement of Cash Flows:

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of any outstanding bank overdrafts.

Cash and cash equivalents as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash and cash equivalents	2,172,499	627,304
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Non-cash financing and investing activities:

There were no non-cash financing or investing activities during the years ended 30 June 2021 and 30 June 2020.

Cash balances not available for use:

There are no amounts included in cash and cash equivalents not available for use as at 30 June 2021 (30 June 2020: Nil).

Reconciliation of loss after tax to net cash outflow from operating activities:

Loss from ordinary activities after income tax	(14,060,992)	(5,396,512)
<i>Adjustments for non-cash items:</i>		
Depreciation and amortisation	349,387	245,645
Impairment expense	2,812,687	-
Share-based payments expense	7,295,966	2,073,776
Finance costs	250,668	90,110
Unrealised foreign currency losses	(233,179)	1,135
Accrued interest	(34,881)	-
<i>Movement in assets and liabilities:</i>		
Decrease/(increase) in prepaid expenses	(610,787)	(294,568)
Decrease in inventories	4,734	27
Decrease/(increase) in trade and other receivables	50,822	(268,695)
(Decrease)/increase in loans to other entities	-	332,201
(Decrease)/increase in employee liabilities/provisions	126,528	73,117
(Decrease)/increase in deferred income	132,800	-
(Decrease)/increase in trade and other payables	(185,839)	446,500
Net cash flow used in operating activities	(4,102,086)	(2,697,264)

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

	2021	2020
	\$	\$
Note 8		
Trade and Other Receivables		
Current assets		
Trade receivables	207,078	209,979
Accrued income	-	78,000
GST receivable	36,222	6,143
	243,300	294,122

Note 9 Prepayments

Current assets		
Prepaid IPO costs	863,856	190,397
Prepaid insurance	22,525	91,438
Other prepayments	18,974	12,733
	905,355	294,568

Note 10 Inventories

Current assets		
Finished goods - at cost	-	4,734

Note 11 Other Financial Assets

Non-current assets		
<i>Security Bonds and Deposits:</i>		
Balance at the start of the financial year	37,500	37,500
Security deposits (refunded)/paid during the financial year	-	-
Balance at the end of the financial year	37,500	37,500

A security deposit of \$37,500 is in place in respect of the lease on the Company's offices. Refer Note 22.

Note 12 Right of Use Assets

Non-current assets		
Balance at the start of the financial year	175,992	-
Additions - new operating leases	-	211,191
Amortisation expense	(70,398)	(35,199)
Balance at the end of the financial year	105,594	175,992

The Company leases land and buildings for its offices in Perth, Australia under an agreement with a 3-year term. Refer Note 18.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

	2021	2020
	\$	\$
Note 13		
Property, Plant and Equipment		
<u>Carrying values</u>		
<i>Office Equipment:</i>		
Cost	147,416	123,963
Depreciation	(114,466)	(89,144)
	32,950	34,819
<i>Fixtures and fittings:</i>		
Cost	13,524	13,524
Depreciation	(13,387)	(12,594)
	137	930
<i>Leasehold improvements</i>		
Cost	51,055	51,055
Depreciation	(25,527)	(8,509)
	25,528	42,546
	58,615	78,295
<u>Reconciliation of movements</u>		
<i>Office Equipment:</i>		
Opening net book value	34,819	52,448
Additions	23,453	9,867
Depreciation	(25,322)	(27,496)
Closing net book value	32,950	34,819
<i>Fixtures and fittings:</i>		
Opening net book value	930	3,635
Additions	-	-
Depreciation	(793)	(2,705)
Closing net book value	137	930
<i>Leasehold improvements</i>		
Opening net book value	42,546	-
Additions	-	51,055
Depreciation	(17,018)	(8,509)
Closing net book value	25,528	42,546
	58,615	78,295

No assets included in property, plant and equipment have been pledged as security in respect of liabilities.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

2021	2020
\$	\$

Note 14 Development Asset

Balance at the start of the financial year	1,373,492	1,451,248
Application development costs incurred during the year	78,279	93,980
Amortisation	(235,856)	(171,736)
Balance at the end of the financial year	1,215,915	1,373,492

The recoupment of costs carried forward in relation to intangible assets is dependent upon the successful development or commercial exploitation or sale of the application technology.

Note 15 Trade and other payables

Current liabilities

Trade payables and other payables	339,345	343,603
Accrued expenses	68,000	128,763
Employment related payables	147,712	313,573
	555,057	785,939

Trade payables are non-interest bearing and normally settled on 30-day terms. See note 21 for financial instrument disclosures relating to trade and other payables.

Note 16 Employee leave liabilities

Current liabilities

Annual leave liability	438,991	312,463
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Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

	2021 \$	2020 \$
Note 17		
Interest bearing borrowings		
Current		
Convertible notes-2018 Facility ¹	-	75,000
Convertible notes-ACAM ²	1,644,081	-
Convertible notes-iGGF ²	534,061	-
Total convertible notes	2,178,142	75,000
R&D tax prepayment loan ³	-	600,000
Other loans ⁴	-	190,000
	2,178,142	865,000
Non-current		
Convertible notes-ACAM ²	-	322,331

¹ Convertible Note facility entered into with a number of professional investors who are not related parties of the Company. The notes attract interest at 8% per annum. The investors may elect to redeem the outstanding principal amount of the notes in cash on the Maturity Date, rather than convert to shares. At 30 June 2020, a total of \$825,000 principal and accrued interest were converted to shares at a price of 30 cents per share. The balance of the notes at 30 June 2020 was repaid in cash in the current reporting period.

² The Company entered into a funding agreement for US\$1,500,000 with Asia Cornerstone Asset Management (ACAM) by way of an unsecured convertible note which attracts interest at 10% per annum. The funds received will enable the Company to seek a dual listing of the Company's securities on the NASDAQ Capital Market and for general working capital purposes. The funding was to be received in 4 tranches, however under a variation to the agreement, the last tranche of US\$375,000 was subscribed for by iConcept Global Growth (iGGF) Fund with US\$1,125,000 being received by ACAM. The original maturity date of 30 June 2021 has been extended to 30 September 2021 and the parties have subsequently agreed that the convertible notes will mature when the Company lists on the NASDAQ. The convertible note has a mandatory conversion upon successful NASDAQ listing. On conversion, ACAM will be issued shares in the NASDAQ listed company at the greater of US\$1.00 and a 25% discount to the price at which the Company issues shares in conjunction with the listing. Refer to Note 23 for further detail on the contingent liability relating to the convertible note. Interest accrued to 30 June 2021 on the ACAM notes is US\$111,020 and on the IGGF notes is US\$26,507.

³ On 29 May 2020, the Company received a \$600,000 R&D tax prepayment loan from R&D Capital Partners Pty Ltd: The loan attracts interest at a rate of 1.15% per month and was repaid in full in the current financial year.

⁴ Other loans are unsecured and interest bearing. These loans were repaid in full in the current financial year.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

	2021 \$	2020 \$
Note 18		
Lease liabilities		
Current liability	86,913	68,144
Non-current liability	51,212	138,124
Balance at the end of the financial year	138,125	206,268

Reconciliation of lease liabilities

Balance at the beginning of the financial year	206,268	-
Lease liability recognised - new operating lease ¹	-	211,191
Repayment of lease liability	(68,143)	(4,923)
Balance at the end of the financial year	138,125	206,268

¹ In the prior year, the consolidated entity entered into a 3-year lease agreement for office premises in Perth, Australia. The total payments under the lease amounting to \$299,129 were discounted at the Company's incremental borrowing rate of 10% in order to determine the initial lease liability of \$211,191. To determine the incremental borrowing rate, third-party financing received was used as a starting point and adjusted to reflect changes in financing conditions since the third-party financing was received.

During the financial year, \$38,108 (2020: \$21,119) interest on the lease was expensed as financing costs.

Note 19 Issued Capital and Reserves

a) Ordinary shares

The Company is a public company limited by shares, incorporated in Perth, Western Australia. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company. There are no externally imposed capital requirements.

	2021 No.	2020 No.	2021 \$	2020 \$
b) Share capital				
Issued capital-ordinary shares	136,362,538	114,392,923	39,213,794	24,355,213
Issued capital-performance shares	-	-	-	-
Issued share capital	136,362,538	114,392,923	39,213,794	24,355,213

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 19 Issued Capital and Reserves (continued)

	2021 No.	2020 No.	2021 \$	2020 \$
<i>c) Share movements during the year – ordinary shares</i>				
At the start of the financial year	114,392,923	91,621,888	24,355,213	13,782,265
Shares issued on exercise of Performance Rights	5,750,000	9,550,000	2,141,000	6,055,875
Shares issued on exercise of Options	7,957,948	730,769	3,865,556	206,494
Shares issued to related party	3,000,000	2,000,000	3,920,000	540,000
Share based payments	1,095,000	2,700,000	1,017,500	556,500
Share issue - capital raising	4,166,667	3,333,334	5,000,000	2,000,000
Share issue – conversion convertible note	-	4,456,932	-	1,337,079
Less share issue costs	-	-	(1,085,468)	(123,000)
	136,362,538	114,392,923	39,213,794	24,355,213
<i>d) Share movements during the year – performance shares</i>				
At the start of the financial year	-	30,000,000	-	300
Less expired shares ¹	-	(30,000,000)	-	(300)
	-	-	-	-

¹ Performance Shares (15,000,000 Class A Performance Shares and 15,000,000 Class B Performance Shares) were cancelled due to performance milestones not being met within the stipulated timeframe.

	2021 \$	2020 \$
<i>e) Reserves</i>		
Equity compensation reserve	5,293,019	4,576,829
Convertible note reserve	-	-
Balance at the end of the year	5,293,019	4,576,829
<i>f) Movement in equity compensation reserve</i>		
Balance at the beginning of the year	4,576,829	9,902,156
Fair value vesting expense of options and performance rights	3,092,009	931,450
Fair value of options/performance rights exercised during the year	(2,709,020)	(6,166,243)
Fair value of options cancelled during the year	(1,799)	(90,534)
Option exercise proceeds	335,000	-
Balance at the end of the year	5,293,019	4,576,829

The equity compensation reserve is used to record the value of equity benefits provided to employees (including directors) and suppliers for services rendered.

<i>g) Movement in convertible note reserve</i>		
Balance at the beginning of the year	-	27,633
Conversion of convertible notes	-	-
Balance at the end of the year	-	27,633

The convertible note reserve is used to record the value of the equity component of a convertible note, which represents the residual attributable to the option to convert the financial liability into equity.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 20 Share-based Payments

(i) Options

The Company has an Incentive Option Plan which was re-adopted following Shareholder approval in November 2019. Options over unissued shares are issued at the discretion of the Board.

a) Options granted, issued, exercised and lapsed during the year

During the year ended 30 June 2021, the Company issued 4,166,667 unlisted placement options and 1,000,000 lead manager options with an exercise price of \$1.60 and expiring 19 October 2023.

During the financial year, 100,000 options with an exercise price of \$0.50 and an expiry date of 31 January 2022, were cancelled:

During the financial year the following options vested, but were not exercised:

Date granted	Number of options Vested	Exercise price (cents)	Vesting date	Expiry date
31 Jul 2018	250,000	50	31 Dec 2020	31 Dec 2023
1 Feb 2019	200,000	65	31 Dec 2020	31 Dec 2023
19 Oct 2020 ¹	3,246,958	160	19 Oct 2020	19 Oct 2023
19 Oct 2020	1,000,000	160	19 Oct 2020	19 Oct 2023
Total	4,696,958			

¹ Free attaching options.

During the reporting period the following options were exercised:

Grant Date	Number of options exercised	Exercise price (cents)	Vesting date	Expiry date
21 Dec 2016	1,750,000	10	31 Dec 2017	31 Dec 2020
21 Dec 2016	500,000	10 ¹	26 Oct 2018	31 Dec 2020
21 Dec 2016	500,000	10	31 Dec 2018	31 Dec 2021
31 Jul 2018	150,000	50 ¹	31 Dec 2019	31 Dec 2022
31 Jul 2018	150,000	50 ¹	31 Dec 2020	31 Dec 2023
7 Dec 2018	100,000	50 ¹	31 Dec 2019	31 Dec 2022
7 Dec 2018	100,000	50 ¹	31 Dec 2020	31 Dec 2023
1 Feb 2019	200,000	65 ¹	31 Dec 2019	31 Dec 2022
1 Feb 2019	200,000	65 ¹	31 Dec 2020	31 Dec 2023
12 Feb 2019	126,667	60	5 Mar 2019	20 Feb 2022
27 Nov 2019	1,000,000	25	4 Dec 2019	4 Dec 2022
27 Nov 2019	1,500,000	45	4 Jun 2020	4 Dec 2022
27 Nov 2019	1,000,000	60	4 Dec 2020	4 Dec 2022
24 Feb 2020	200,000	50 ¹	31 Jan 2021	31 Jan 2022
Total	7,476,667			

¹ Options exercised utilising the cashless exercise provisions of the Option Incentive Scheme. This resulted in the issue of 1,161,572 ordinary shares.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 20 Share-based Payments (continued)

b) Options on issue at balance date

The number of options outstanding over unissued ordinary shares at 30 June 2021 is 8,120,291 as follows:

Grant Date	Number of options granted	Exercise price (cents)	Vesting date	Expiry date
21 Dec 2016	750,000	10	31 Dec 2018	31 Dec 2021
21 Dec 2016	500,000	10	26 Oct 2019	30 Dec 2021
31 Jul 2018	250,000	50	31 Dec 2019	31 Dec 2022
31 Jul 2018	250,000	50	31 Dec 2020	31 Dec 2023
1 Feb 2019	200,000	65	31 Dec 2019	31 Dec 2022
1 Feb 2019	200,000	65	31 Dec 2020	31 Dec 2023
12 Feb 2019	123,333	60	5 Mar 2019	20 Feb 2022
27 Nov 2019	1,500,000	60	4 Dec 2020	4 Dec 2022
24 Feb 2020	100,000	50	31 Jan 2021	31 Jan 2022
19 Oct 2020 ¹	4,246,958	160	19 Oct 2020	19 Oct 2023
Total	8,120,291			

¹ On 19 October 2020, the Company issued 4,166,666 free attaching unlisted options and 919,709 of these options were subsequently converted to shares. At 30 June 2021, the Company has 3,246,958 free attaching unlisted options with an exercise price of \$1.60 expiring on 19 October 2023. This balance also includes 1,000,000 options issued to an external consultant.

During the current year the following movements in options over unissued shares occurred:

	2021 No.	2021 WAEP	2020 No	2020 WAEP
Outstanding at 1 July	11,450,000	\$0.366	7,850,000	\$0.251
Granted during the year	1,000,000	\$1.200	5,400,000	\$0.486
Exercised during the year	(7,476,667)	\$0.471	(1,500,000)	\$0.167
Forfeited/cancelled during the year	(100,000)	\$0.500	(300,000)	\$0.500
Outstanding at 30 June	4,873,333	\$1.041	11,450,000	\$0.366
Exercisable at 30 June	4,873,333	\$1.041	7,650,000	\$0.173

The range of exercise prices for options outstanding at the end of the year was \$0.10 to \$1.60 (2020: \$0.10 to \$0.65).

The weighted average contractual life for unexercised options is 21.4 months (2020: 23.4 months).

c) Subsequent to balance date

Since the end of the financial year and the date of this report, 558,333 options have been exercised. No options have been cancelled, issued or vested between the end of the financial year and the date of this report.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 20 Share-based Payments (continued)

d) Basis and assumptions used in the valuation of options

1,000,000 options (excluding free attaching placement options) were issued during the financial year and have been valued and expensed in the financial statements over the periods that they vest. The share-based payments expense for the period of \$826,769 (2020: \$544,113) relates to the fair value of options apportioned over their respective vesting periods.

The options issued during the current reporting period were valued using the Black-Scholes option valuation methodology, as follows:

Date granted	Number of options granted	Exercise price \$	Expiry date	Risk free interest rate used	Volatility applied	Value per Option \$
19 Oct 2020	1,000,000	\$1.60	19 Oct 2023	0.15%	130.5%	\$0.688

Historical volatility at the time of issue has been used as the basis for determining expected share price volatility, as it is assumed that this is an indicator of future share price performance, which may not eventuate. A discount of 30% in respect of a lack of marketability has been applied to the Black-Scholes option valuation to reflect the non-negotiability and non-transferability of the unlisted options granted.

(ii) Performance Rights

The Company's Performance Rights Plan was re-approved by shareholders in December 2020.

a) Performance rights granted, vested and lapsed during the year

During the reporting period the following performance rights were granted:

Grant Date	No of Rights	Expiry Date	Fair Value per Right at Grant Date	Vesting
6 Nov 2020	50,000	6 Nov 2026	\$0.85	6 Nov 2021
6 Nov 2020	50,000	6 Nov 2026	\$0.85	6 Nov 2022
6 Nov 2020	50,000	6 Nov 2026	\$0.85	6 Nov 2023
11 Dec 2020	10,000,000	16 Dec 2025	\$0.68-\$0.93	Performance based with 5 milestones
Total	10,150,000			

During the reporting period the following performance rights vested:

Grant Date	No of Rights	Expiry Date	Fair Value per Right at Grant Date	Vesting
6 Sep 2019	1,250,000	28 Feb 2021	\$0.182	Subject to performance criteria

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 20 Share-based Payments (continued)

(ii) Performance Rights (continued)

During the reporting period the following performance rights were exercised and converted to shares:

Grant Date	No of Rights	Expiry Date	Fair Value per Right at Grant Date	Vesting
15 Nov 2017	500,000	31 Dec 2020	\$0.205	Vested
3 Sep 2018	2,000,000	30 Nov 2020	\$0.185	Vested
6 Sep 2019	1,250,000	28 Feb 2021	\$0.182	Subject to performance criteria
3 Mar 2017	2,000,000	3 Mar 2021	\$0.720	Subject to various performance criteria
Total	5,750,000			

During the reporting period no performance rights lapsed or were cancelled.

b) Performance rights on issue at balance date

The number of performance rights outstanding over unissued ordinary shares at 30 June 2021 is as follows:

Grant Date	No of Rights	Expiry Date	Fair Value per Right at Grant Date	Vesting
03 Mar 2017	2,000,000	03 Mar 2022	\$0.720	Vested
3 Sep 2018	3,000,000	3 Sep 2021	\$0.185	Vested
6 Sep 2019	5,000,000	04 Dec 2023	\$0.00	Subject to performance criteria
6 Nov 2020	150,000	6 Nov 2026	\$0.85	Subject to time based criteria
11 Dec 2020	10,000,000	16 Dec 2025	\$0.68-\$0.93	Subject to performance criteria
Total	20,150,000			

c) Subsequent to balance date

Subsequent to balance date no performance rights have been granted, exercised, expired or cancelled.

d) Basis and assumptions used in the valuation of performance rights

Performance rights with vesting criteria based on length of service were valued using the Company's share price on the date of grant. The 10m performance rights subject to performance-based vesting criteria were independently valued using the Hoadley's Hybrid ESO Model (a Monte Carlo simulation model) using the following parameters:

Milestone	Number of rights granted	Share price target	Risk free interest rate used	Volatility applied	Value per Right (cents)
1	2,000,000	\$1.20	0.04%	125%	67.8
2	2,000,000	\$1.30	0.09%	125%	78.7
3	2,000,000	\$1.40	0.10%	125%	85.1
4	2,000,000	\$1.50	0.22%	125%	90.5
5	2,000,000	\$1.70	0.35%	125%	93.1

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 21 Financial Instruments

The consolidated entity has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the consolidated entity's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

(a) Credit risk

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from transactions with customers and investments.

Trade and other receivables

The carrying amount recorded in the financial statements, net of any allowance for losses, represents the consolidated entity's maximum exposure to credit risk.

Cash deposits

The Directors believe any risk associated with the use of predominantly only one bank is addressed through the use of at least an A-rated bank as a primary banker and by the holding of a portion of funds on deposit with alternative A-rated institutions. Except for this matter the consolidated entity currently has no significant concentrations of credit risk.

The Directors do not consider that the consolidated entity's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made.

(b) Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

The consolidated entity manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the consolidated entity's current and future operations, and consideration is given to the liquid assets available to the consolidated entity before commitment is made to future expenditure or investment.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 21 Financial Instruments (continued)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Weighted average interest rate %	Carrying amount \$	Contractual cash flows \$	6 months or less \$	6-12 months \$	1-2 years \$	2-5 years \$	More than 5 years \$
2021								
Trade and other payables		555,057	555,057	555,057	-	-	-	-
Convertible notes	10.0%	2,178,142	2,178,142	2,178,142	-	-	-	-
Lease liabilities	10.0%	138,125	166,835	54,167	56,334	56,334	-	-
		2,871,324	2,900,034	2,787,366	56,334	56,334	-	-
2020								
Trade and other payables		785,939	785,939	785,939	-	-	-	-
Convertible notes	9.6%	397,331	397,331	75,000	-	322,331	-	-
Interest bearing borrowings	10.3%	790,000	790,000	790,000	-	-	-	-
Lease liabilities	10.0%	206,268	206,268	31,457	36,686	86,913	51,213	-
		2,179,538	2,179,538	1,682,396	36,686	409,244	51,213	-

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

Interest rate risk

The consolidated entity has cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the consolidated entity requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements; the consolidated entity does mitigate potential interest rate risk by entering into short to medium term fixed interest investments.

Foreign exchange risk

The Company is currently in the process of listing on the NASDAQ capital market and holds a portion of its cash assets in US dollar denominated bank accounts. The consolidated entity is exposed to foreign exchange risk through transactions in relation to the NASDAQ listing.

The consolidated entity does not have any direct exposure to equity risk.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 21 Financial Instruments

At the reporting date the interest profile of the consolidated entity's interest-bearing financial instruments was:

	Carrying value (\$)	
	30 June 2021	30 June 2020
	\$	\$
Fixed rate instruments		
Financial assets	682,421	68,500
Financial liabilities	(2,316,267)	(1,393,599)
Variable rate instruments		
Financial assets	2,172,499	627,304

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or Loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2021				
Variable rate instruments	21,724	(21,724)	21,724	(21,724)
2020				
Variable rate instruments	6,273	(6,273)	6,273	(6,273)

d) Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Cash and cash equivalents	2,172,499	2,172,499	627,804	627,804
Trade and other receivables	243,300	243,300	294,122	294,122
Loans receivable	682,421	682,421	68,500	68,500
Trade and other payables	(555,057)	(555,057)	(785,939)	(785,939)
Interest bearing borrowings	(2,178,142)	(2,178,142)	(1,187,331)	(1,187,331)
Lease liabilities	(138,125)	(138,125)	(206,268)	(206,268)
Net financial (liabilities) / assets	226,896	226,896	(1,189,112)	(1,189,112)

e) Impairment losses

The Directors do not consider that any of the consolidated entity's financial assets are subject to impairment at the reporting date.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 22 Commitments

a) Lease commitments:

The Company has a lease for its principal place of business at Unit 5, 71-73 South Perth Esplanade in Western Australia (**Lease**) which was entered into on 1 January 2020. The lease is accounted for under accounting standard AASB 16 Leases. Refer to notes 12 and 18.

The Lease was secured by a cash bond in favour of the Landlord for the amount of \$37,500 and this amount is being held and will be applied as bond for the new lease.

b) Other commitments

- (i) On March 31, 2021, AHI reached an agreement to invest US\$6 million in Triage Technologies, Inc. over a 14-month period, subject to shareholder approval (US\$3 million in cash and US\$3 million in AHI Ordinary Shares), as part of a strategic plan to expand the Company's service offering, referred to by the Company as "DermaScan".

All documentation for the transaction has been concluded, including, the technology distribution license, shareholder agreements and subscription agreements. The completion of these agreements was announced to the ASX on April 19, 2021. The US\$3 million cash investment will be made in equal instalments over a fourteen (14) month period, and at the end of the reporting period, US\$1 million in payments had been made, with a further US\$2 million outstanding.

- (ii) Under the terms of the Agreement with Tinjoy Biotech Limited (Tinjoy), AHI will contribute US\$200,000 towards Tinjoy's marketing costs, and has an option to invest in Tinjoy's WinScan Platform as follows:
- AHI has a right to acquire up to 40% of Tinjoy's WinScan Platform, priced at a valuation of US\$10 million taking for consideration to be approximately US\$ 2-4 million this can be in cash or shares in AHI or a combination as mutually agreed.
 - 12- 24-month option to take up the 40% at AHI's option to acquire a holding in WinScan. The option would be triggered should WinScan achieve user numbers of 5 million users a month. This would trigger a 20% investment of US\$2 million from AHI.
 - If WinScan achieves a user base of 10 million monthly users AHI would be required to take up a 40% stake in WinScan at an agreed investment of US\$4 million.
 - In the event AHI exercises its option, the US\$200,000 marketing and training advance will form part of the total investment outlined above.
 - At the date of this report, US\$50,000 in payments had been made to Tinjoy in lieu of AHI's marketing contribution.

Note 23 Contingencies

a) Contingent liabilities

Should either of the convertible notes disclosed in Note 17 be converted to shares, a provision within each agreement exists stipulating that the shares will be issued at the higher of US\$1 and 75% of the issue price per Share under the capital raising undertaken in connection with the NASDAQ listing. This potential discounted conversion price represents a contingent liability which cannot be determined as at the date of this report.

There are no material contingent liabilities at the reporting date.

b) Contingent assets

There are no material contingent assets at the reporting date.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 24 Key Management Personnel

(a) *Directors and key management personnel*

The following persons were directors of the Company during the current financial year:

Mr Peter Wall	Non-Executive Chairman (resigned 22 January 2021)
Mr Vlado Bosanac	Executive Chairman and CEO
Mr Mike Melby	Non-Executive Director (appointed 27 October 2017)
Mr Nick Prosser	Non-Executive Director (appointed 18 April 2018)
Dato Low Koon Poh	Non-Executive Director (appointed 13 July 2020)
Mr Steven Richards	Chief Financial Officer and Company Secretary (appointed 2 September 2019)

There were no other persons employed by or contracted to the Company during the financial year, having responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

(b) *Key management personnel compensation*

Details of key management personnel remuneration are contained in the Audited Remuneration Report in the Directors' Report. A summary of total compensation paid to key management personnel during the year is as follows:

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
Total short-term employment benefits	664,355	538,364
Total share-based payments	5,835,485	540,000
Total post-employment benefits	53,048	42,025
	6,552,888	1,120,389

Note 25 Related Party Disclosures

a) *Subsidiaries*

In January 2018, wholly owned subsidiary MyFiziq Inc. was incorporated in the United States of America in preparation for the commercialisation of the technology in the USA. During the financial year there was no activity in this subsidiary.

b) *Holding company*

The ultimate holding company is AHI Limited.

c) *Joint agreement in which the Company is a joint venture*

The Company has a majority interest in Body Composition Technologies Pte. Limited (BCT), a company incorporated in Singapore for the purpose of developing the AHI platform for commercialisation within the medical or insurance sector (refer note 26).

During the financial year, the Company provided services to Body Composition Technologies Pty Ltd (BCT Australia) an Australian incorporated wholly owned subsidiary of BCT, for which the Company earned revenue of \$553,185 (2020: \$420,839).

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 25 Related Party Disclosures (continued)

c) *Joint agreement in which the Company is a joint venture (continued)*

During 2019, the Company entered into a loan agreement with BCT Australia. The interest free loan was repaid in July 2021.

During the current reporting period, the Company participated in a capital raising by BCT whereby the Company subscribed for approximately \$671k convertible notes. The notes are unsecured, earn interest at 2.5% per annum and can be converted at any time during the 2-year term. On conversion, the Company will increase its holding in BCT to up to a maximum of 54% on a fully diluted basis.

d) *Transactions with Directors*

Transactions with Directors, as Directors of the Company, during the year are disclosed at Note 24.

During the financial year ended 30 June 2021, the Company paid \$150,476 (2020: \$26,156) to Steinepreis Paganin, an entity associated with Mr Peter Wall, for legal services. At 30 June 2021, a further \$26,865 was owing to Steinepreis Paganin (2020: \$10,622).

Other than the key management personnel related party disclosure in the Remuneration Report and in Note 24, there were no related party transactions with directors to report for the financial year ended 30 June 2021.

Note 26 Interest in a Joint Venture

The Company has a 50% interest in Body Composition Technologies Pte Limited (BCT). Under the terms of the joint venture agreement, BCT is licensed to distribute the AHI technology to the Medical and Insurance sectors.

The Company's interest in BCT is accounted for using the equity method. Under the equity method, the Company's investment in a joint venture is initially recorded at cost, and subsequently the carrying value of the investment is increased or decreased to recognise the Company's share of the joint venture profit or loss.

During the financial year, the joint venture agreement was varied to allow the Company to increase its holding to up to a maximum of 54% of BCT (on a fully diluted basis) by participating in a convertible note fundraising undertaken by BCT to the value of \$670,333 (refer note 27).

At balance date, the Company had a 50% interest in BCT and is not deemed to have control of BCT under *AASB 3 Business Combinations* and *AASB 10 Consolidated Financial Statements*.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 26 Interest in a Joint Venture (continued)

The following tables illustrate the summarised financial information of the Company's investment in BCT.

	30 June 2021	30 June 2020
	\$	\$
Current assets	19,367	25,330
Non-current assets	2,319	40,276
Current liabilities	(787,736)	(892,168)
Non-current liabilities	(1,032,657)	(350,000)
Equity	(1,798,707)	(1,176,562)
Company's carrying amount of the investment	-	-
Revenue	413,299	290,815
Expenses	(2,018,992)	(1,442,712)
Loss for the year	(1,605,693)	(1,151,897)
Company's share of the loss ⁽ⁱ⁾	-	(575,949)
Carrying value of the BCT investment		
Investment brought to account at cost	680	680
Share of the joint venture's loss ⁽ⁱ⁾	(680)	(680)
Closing carrying value of the investment	-	-

- (i) As the investment in the joint venture has been written down to nil, no share of the joint venture's loss has been brought to account in the Company's loss from ordinary activities for the current financial period.

Note 27 Investments

During the reporting period, the Company entered into a number of strategic agreements as follows:

- (i) Under the Binding Term Sheet, which was announced on the Australian Stock Exchange on 3 December 2020, and entered into on 27 November 2020, Canadian-based Triage Technologies Inc (Triage) will license AHI the Triage AI engine, and the companies will work together to integrate Triage's technology into the *CompleteScan* platform, which also includes "FaceScan" and "BodyScan". Triage has developed a dermatological AI system that can identify skin conditions from a photo and the AHI team, with its 'on-device' expertise, intends to advance the AI engine of Triage to be an on-device, ready-to-use application for end users. Under the binding agreement with Triage, the Company will invest a total of up to US\$6 million for an equity stake in Triage. The investment will comprise US\$3 million in cash and US\$3 million in AHI ordinary shares. At 30 June 2021, the Company had made cash payments of approximately US\$1 million to Triage and recognises this as an investment on the Statement of Financial Position. Subsequent to the end of the financial year, a further US\$500,000 has been paid to Triage. Once all the cash and shares have been paid to Triage, the Company will be issued an equity interest in Triage equalling 15.19% on a fully diluted basis.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 27 Investments (continued)

- (ii) On May 20, 2021, the Company entered into a Binding Term Sheet with US-based on device blood pathology company Jana Care Inc. (“Jana”). Subject to due diligence being completed, AHI will have the right to invest a total of up to US\$8,000,000 into Jana, comprising: (i) an option to invest US\$5,000,000 in cash; and (ii) subject to shareholder approval, an option to invest up to US\$3,000,000 in Jana in AHI ordinary shares. If the Company does not secure shareholder approval for the US\$3,000,000 share investment, it has the option to proceed with the investment in cash. In May 2021, AHI invested US\$500,000 in the current convertible note round being offered by Jana. AHI has a further right for a period of 3 years from the date of the first integrated product launch, to acquire a further 10% of Jana stock. AHI will be issued 1% of Jana for every US\$1,000,000 in gross revenue to Jana under a contemplated revenue sharing arrangement. In the event AHI decides not to take up the investment in Jana, AHI will still retain the right to equity at a rate of 1% of Jana for every US\$2 million in gross revenue to Jana. No definitive agreements have been signed as of the date of this report, however, subject to due diligence AHI and Jana intend to enter into the following definitive agreements: Commercial Agreement; a Software Development Kit, End User License Agreement; Support Agreement; Data Processing Agreement and Investment Agreement
- (iii) Israeli-based musculoskeletal assessment company Physimax Technologies Limited (“Physimax”) has developed and patented a video-based solution that tracks musculoskeletal wellness and performance. Under the terms of the agreement, and subject to due diligence and the completion of other conditions precedent, the Company may acquire 100% of the share capital of Physimax for a total consideration of US\$6 million to be satisfied through the issue of US\$6 million worth of AHI ordinary shares. Subsequent to the end of the financial year, the Company completed its due diligence and are in the process of updating the binding acquisition agreement which will result in a material reduction in the US\$6 million acquisition amount. During the reporting period, the Company made a payment of US\$60,000 to Physimax.
- (iv) Body Composition Technologies Pte Ltd (BCT), is a majority owned joint venture between AHI and Gold Quay Capital formed in 2017. During the financial year, the Company participated in a convertible note fundraising undertaken by BCT to the value of \$670,833 to increase its holding in BCT to up to 54% once converted. The convertible notes are unsecured, have a term of 2 years and earn interest at 2.5% per annum. The notes can be converted at any time during the 2-year term.

The recoverable amount of the Company’s investments is reviewed at each reporting date. As the above investments are in unlisted entities, the determination of recoverable value is highly subject to various estimates and assumptions. As an accurate assessment of recoverable value is not available at the reporting date, the Company has elected to create a provision for impairment against the investments, as shown below. When a more accurate determination of recoverable value can be made, the Company will re-assess whether a provision for impairment is required.

	Triage \$	Jana Care \$	Physimax \$	BCT \$
Balance at 1 July	-	-	-	-
Additional investment	1,319,361	644,347	77,712	670,833
Interest and other costs	32,576	24,903	-	9,175
Foreign exchange movement	10,780	20,903	2,097	-
Provision for impairment	(1,362,717)	(690,153)	(79,809)	(680,008)
Balance at 30 June	-	-	-	-

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 28 Loans to other entities

Bearn LLC (Bearn) has developed an application that allows for the gamification and engagement of health users by rewarding users for achieving health goals. In January 2021, the Company entered a Joint Marketing Agreement (the “Bearn Agreement”) with Bearn). Pursuant to the Bearn Agreement, the Company has funded a total of US\$500,000 to Bearn over 4 tranches. The loan is secured over Bearn’s software and separately a pledge over the membership interests of Bearn’s founder, Mr. Aaron Drew. Under the terms of the agreements, Bearn has undertaken to use the funds advanced by the Company to deliver 1 million active monthly users to the Company within 12 months. If Bearn fails to achieve this target, the loan and interest becomes repayable in 15 months from the date of the promissory note. If Bearn achieves this target, the repayment date will be extended for a further 12 months. The Bearn Agreement contains certain warranties, indemnities and limitations of liability by both parties. The loan attracts interest at 8% for the first 12 months and thereafter a sliding scale of interest (15% to 0%) applies depending on the number of monthly active users. Should the number of active monthly users reach 2 million, the loan will be forgiven. The maturity date depends on Bearn achieving 1 million active monthly users. If the target is not achieved, then the loan and accrued interest is repayable in 15 months. If Bearn achieves the target the repayment date will be extended for a further 12 months.

The value of the loan at 30 June 2021 is A\$682,421 which includes accrued interest of A\$16,920.

Note 29 Events Subsequent to the Reporting Date

On 1 July 2021, the Company announced that the maturity date of the convertible notes with ACAM (US\$1,125,000) and iConcept (US\$375,000) had been extended from 30 June 2021 to 30 September 2021.

Due diligence on the Physimax Technologies Limited acquisition concluded in early July. The Company is now in the process of updating the binding acquisition agreement. Since the end of the financial year, the Company has made payments of \$120,000 to Physimax.

On 27 August 2021, the Company announced the public filing of Foreign Issuer Form F-1 with the US Securities and Exchange Commission. This form is similar to a prospectus for an Australian initial public offering and relates to the proposed US public offering and listing on the NASDAQ.

In August 2021, the Company secured a \$700,000 advance with R & D Capital Partners Pty Ltd. Under the terms of this agreement, \$700,000 has been advanced to the Company, which represents approximately 70% of the tax incentive anticipated to be received in relation to the Australian government’s R & D tax scheme for the 2021 tax year.

The impact of the Coronavirus ('COVID-19') pandemic is ongoing for the entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than as already stated in this report, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the consolidated entity to affect substantially the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2021

Note 30 Auditor's Remuneration

Total remuneration paid or payable to auditors during the financial year:

	2021	2020
	\$	\$
Audit and review of the Company's financial statements	53,500	50,200
Taxation services	12,551	2,900
Other services	12,179	-
Total	78,230	53,100

Directors' Declaration

In the opinion of the directors of AHI Limited (the 'Company'):

- a. The accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
- b. There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.
- c. The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

This declaration is signed in accordance with a resolution of the Board of Directors.

DATED at Perth this 30th day of September 2021.



Vlado Bosanac
Executive Chairman and Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADVANCED HUMAN IMAGING LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Advanced Human Imaging Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of Advanced Human Imaging Limited is in accordance with the Corporations Act 2001 including:

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to note 1(a) in the financial report, which indicates that the consolidated entity incurred a loss of \$14,060,992 (2020: loss \$5,396,512) during the year ended 30 June 2021. This condition, along with other matters as set out in note 1(a), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

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Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current year. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of Share Based Payments

Why significant

For the year ended 30 June 2021 the value of share based payments issued totalled \$7,295,967, as disclosed in Note 3 and Note 20. This has been recognised as a share-based payment expense within the employee benefits expense and general administration expenses in the Statement of Profit or Loss and Other Comprehensive Income.

The consolidated entity's accounting judgement and estimates in respect of share based payments is outlined in Note 1(r). Significant judgement is required in relation to:

- The valuation method used; and
- The assumptions and inputs used within the model.

This was considered to be a key audit matter due to the significance of the share based payments expense for the year, and the level of management judgement involved in determining the balance.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Review of internal management's valuation and independent valuation of the equity instruments issued, including:
 - assessing the appropriateness of the valuation method used;
 - assessing the reasonableness of the assumptions and inputs used within the valuation model; and
 - obtaining internal assessment and confirmation for complex valuations.
- Review of Board meeting minutes and ASX announcements as well as enquiry of relevant personnel to ensure all share based payments had been recognised;
- Assessment of the allocation and recognition of the share based payments; and
- Assessment of the appropriateness of the related disclosures in Notes 1(r), 3 and 20.

Other Information

Other information is financial and non-financial information in the annual report of the consolidated entity which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

The Directors of Advanced Human Imaging Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

Opinion

In our opinion, the Remuneration Report of Advanced Human Imaging Limited for the year ended 30 June 2021 complies with section 300A of the Corporations Act 2001.

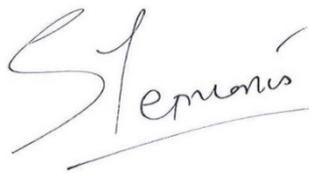
PKF Perth

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF Perth

PKF PERTH

SIMON FERMANIS
PARTNER30 SEPTEMBER 2021
WEST PERTH,
WESTERN AUSTRALIA

Additional ASX Information

Pursuant to the Listing Requirements of the Australian Securities Exchange, the shareholder information set out below was applicable as at 19 October 2021.

A. Distribution of Equity Securities

Analysis of numbers of shareholders by size of holding:

Ordinary Fully Paid Shares

Distribution	Number of shareholders	Securities held	% held
1 – 1,000	2,014	1,163,554	0.85%
1,001 – 5,000	1,941	5,032,796	3.68%
5,001 – 10,000	555	4,285,160	3.13%
10,001 – 100,000	582	16,745,911	12.23%
More than 100,000	118	109,693,450	80.11%
Totals	5,210	136,920,871	100%

There are 608 shareholders holding less than a marketable parcel of ordinary shares.

B. Twenty Largest Shareholders

The names of the twenty largest holders of the quoted class of shares are listed below:

Shareholder Name	Ordinary Shares	
	Number of shares	% of Shares
MAD SCIENTIST PTY LTD	16,900,000	12.34%
THE RAIN MAKER MGMT SDN BHD	8,309,840	6.07%
PHEAKES PTY LTD <SENATE A/C>	7,001,177	5.11%
MR NICHOLAS JOHN BLAIR PROSSER	6,265,036	4.58%
CITICORP NOMINEES PTY LIMITED	5,512,816	4.03%
<The VB Account>	5,391,864	3.94%
DR. AMAR EL-SALLAM	5,350,000	3.91%
BNP PARIBAS NOMS PTY LTD <DRP>	3,753,355	2.74%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS	3,654,442	2.67%
TERENCE STUPPLE	3,500,000	2.56%
FITLAB FUND MANAGEMENT LLC	3,000,000	2.19%
J15I PTE LTD (W E F 16/06/2017)	2,466,375	1.80%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,205,224	1.61%
IFM PTY LIMITED	2,014,959	1.47%
MR DAVID ANDREW TABB	1,750,771	1.28%
DENNIS AND JANINE BANKS	1,662,898	1.21%
MR JOHN ZACCARIA <THE ZACCARIA SHARE A/C>	1,300,000	0.95%
MR WILLY CHAN FOO WENG	1,103,380	0.81%
BNP PARIBAS NOMS PTY LTD <UOB KAY HIAN PRIV LTD DRP>	1,076,263	0.79%
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	965,596	0.71%
Total	82,933,996	60.57%

Additional ASX Information

C. Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Shareholder Name	Issued Ordinary Shares	
	Number of shares	% of Shares
MAD SCIENTIST PTY LTD	16,900,000	12.34%
THE RAIN MAKER MGMT SDN BHD	8,309,840	6.07%
PHEAKES PTY LTD	7,001,177	5.11%

D. Unquoted Securities

Options:

No of Options	Exercise Price	Expiry Date	No of Holders
250,000	\$0.50	31 December 2023	1
200,000	\$0.65	31 December 2022	1
200,000	\$0.65	31 December 2023	1
65,000	\$0.60	20 February 2022	1
1,250,000	\$0.10	31 December 2021	2
1,000,000	\$0.60	4 December 2022	1
100,000	\$0.50	31 January 2022	1
4,246,958 ¹	\$1.60	19 October 2023	71
250,000	\$0.50	31 December 2022	1

¹ LTL Capital Pty Ltd holds 1,000,000 options (23.5%) in this class of securities.

Performance Rights:

No of Performance Rights	Expiry Date	No of Holders
2,000,000	3 March 2022	1
3,000,000	3 September 2021	1
5,000,000	4 December 2023	1
10,000,000	16 December 2025	1
150,000	6 November 2026	1

Additional ASX Information

E. Voting Rights

Ordinary Fully Paid Shares

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands at a meeting of shareholders, whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

Unlisted Options and Performance Rights

Holders of unlisted options and performance rights shall have no right to vote on any resolutions proposed at a meeting of shareholders, unless and until the option or performance right is exercised and ordinary shares are held.

F. Restricted Securities

The Company has restricted securities as follows:

Class	Number of securities	Restricted until
Ordinary shares (AHI)	76,470	22 September 2021
Ordinary shares (AHI)	3,750,000	30 November 2021
Ordinary shares (AHI)	107,142	23 February 2022
Ordinary shares (AHI)	426,726	12 March 2022
Ordinary shares (AHI)	2,000,000	12 March 2023
Ordinary shares (AHI)	1,000,000	23 April 2022