

HEALTHCARE LOGIC GLOBAL LIMITED

ANNUAL REPORT

For the financial year ended

30 JUNE 2022

HEALTHCARE LOGIC GLOBAL LIMITED

ACN 616 171 917

Annual Report – for the year ended 30 June 2022

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Directors

M Connor

A Bellas

G Baynton

J Grayson

S Mitchell

P St Baker

Company Secretary

S M Yeates *CA, B.Bus*

R Freath *LLB, B.Bus, Grad Dip (Applied Corporate Governance)*

Principal Place of Business

Level 4, 64 Marine Parade
Southport QLD 4215

Registered Office

Level 4, 64 Marine Parade
Southport QLD 4215

Auditor

PricewaterhouseCoopers
480 Queen Street
Brisbane QLD 4000
www.pwc.com.au

Bankers

Commonwealth Bank of Australia
Bank of Ireland

Website address

www.healthcarelogic.com

Your Directors present their report on the consolidated entity consisting of Healthcare Logic Global Limited and the entities it controlled at the end of, or during, the year ended 30 June 2022. Throughout the report, the consolidated entity is referred to as the Group.

Directors and Company Secretary

M Connor was a Director of Healthcare Logic Global Limited during the financial year ended 30 June 2022 and up to the date of this report.

A Hill, J Watts and A Knox resigned as directors on 11 April 2022.

A Bellas, G Baynton, J Grayson, S Mitchell (Chair) and P St Baker were appointed as directors on 11 April 2022 and continued in office up to the date of this report.

The Company Secretary position is held jointly by S Yeates and R Freath.

S Yeates is a Chartered Accountant, Founder and Principal of Outsourced Accounting Solutions Pty Ltd. She holds similar positions with other public and private companies.

R Freath was appointed on 28 September 2021. She is a solicitor and the Company's Chief Operating Officer.

Principal activities

The principal activity of the Group during the financial year was the development and commercialisation of SystemView, a platform that provides data analytics for clinical engagement and sustainable performance improvement in hospitals.

Dividends

The Directors do not recommend the payment of a dividend. No dividend was paid during the financial year.

Review of operations

The loss for the Group after providing for income tax amounted to \$4,254,480 (2021: \$3,403,442 loss).

During the year, the Group delivered continued growth. The continuation of a significant implementation with the Health Services Executive Ireland contract value €7.4M (AUD11.8m) plus the addition of new customers across Australia has seen revenues grow by 69%. In May 2021, the Ireland healthcare system was subject to a significant and widespread cyber attack. The impact of this is that the delivery of the project is expected to be delayed by three months from the initial agreed timeframe. The change in the delivery timeframe will impact upon the timing of revenue recognition and timing of milestone payments. The total value of the contract is unchanged.

The Group continued to invest in Research and Development to increase the capability of the SystemView product to address and reflect differences across multiple jurisdictions. The total R&D expenditure for the year was \$15,300,096.

As at 30 June 2022, the Group had a headcount of 66 domestically and 35 in its Ireland based operations.

Review of operations (continued)

From a business development and sales pipeline standpoint, there were a number of proof of concept installations that progressed to full scale implementations during the year. Further growth is expected into 2023, with expansion across the existing customer base as well as the finalisation of a number of late stage contract discussions.

NET ASSETS/(LIABILITIES) as <i>at 30 June 2022</i> \$8,821,701 <hr/> <i>as at 30 June 2021</i> \$(583,901) <hr/>	CASH & CASH EQUIVALENTS <i>as at 30 June 2022</i> \$3,770,576 <hr/> <i>as at 30 June 2021</i> \$792,226 <hr/>	LOSS AFTER-TAX <i>year ended 30 June 2022</i> \$(4,254,480) <hr/> <i>year ended 30 June 2021</i> \$(3,403,442) <hr/>
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Significant changes in the state of affairs

During the year, the Group raised \$13,603,387 through private capital raisings and the exercising of share options.

There were no other significant changes in the state of affairs of the Group during the financial year ended 30 June 2022.

Likely developments and expected results of operations

Comments on likely developments and expected results of operations are included in the review of operations above.

Events after reporting period

No other matters or circumstances have arisen since 30 June 2022 which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2022 and the number of meetings attended by each Director were:

	30 June 2022			
	Board		Audit & Risk Committee	
	A	B	A	B
A Hill	16	16	4	4
M Connor	19	17	4	1
A Bellas	3	2	1	1
J Watts	16	16	3	3
A Knox	16	16	3	3
J Grayson	3	3	1	1
S Mitchell	3	3	1	1
P St Baker	3	3	1	1
G Baynton	3	3	1	1

A = Number of meetings held during the time the director held office or was a member of the committee during the year
B = Number of meetings attended

Insurance of officers and indemnities

(a) Insurance of officers

During the year ended 30 June 2022, the Group paid \$3,315 (2021: \$1,565) in premiums to insure the Directors and Officers of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

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*.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for non-audit services provided during the year ended 30 June 2022 are set out below.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year ended 30 June 2022, \$482,438 (2021: \$235,798) was incurred for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms.



Martin Connor
Managing Director

Brisbane
30 September 2022



Auditor's Independence Declaration

As lead auditor for the audit of Healthcare Logic Global Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Healthcare Logic Global Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Steven Bosiljevac', with a long horizontal stroke extending to the right.

Steven Bosiljevac
Partner
PricewaterhouseCoopers

Brisbane
30 September 2022

HEALTHCARE LOGIC GLOBAL LIMITED

ACN 616 171 917

Annual financial report – for the year ended 30 June 2022

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These consolidated financial statements are for Healthcare Logic Global Limited and its controlled entities.

The consolidated financial statements are presented in the Australian currency.

Healthcare Logic Global Limited is a Company limited by shares, incorporated and domiciled in Australia. Its principal place of business is:

Healthcare Logic Global Limited
Level 4, 64 Marine Parade
Southport QLD 4215

All press releases, financial reports and other information are available at our website:
www.healthcarelogic.com.



Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Continuing operations			
Revenue	3	7,911,363	4,756,139
Other income	3	3,758,746	2,114,309
Employee benefits expense		(9,066,384)	(6,301,422)
Depreciation and amortisation expenses	4	(1,193,660)	(181,884)
Sales and marketing expenses		(480,979)	(237,451)
General and administrative expenses		(2,917,508)	(1,525,654)
Development expenses		(1,608,969)	(1,938,476)
Financing costs		(27,232)	(18,740)
Loss before income tax expense		(3,624,623)	(3,333,179)
Income tax expense	5	(629,857)	(70,263)
Loss after income tax expense		(4,254,480)	(3,403,442)
Other comprehensive income for the year			
<i>Items that may be reclassified to profit or loss</i>			
Foreign exchange differences on translation of foreign operations		22,436	23,328
Total comprehensive loss for the year		(4,232,044)	(3,380,114)
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Group:			
Basic earnings per share	8	(0.1)	(0.1)
Diluted earnings per share	8	(0.1)	(0.1)

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



Consolidated statement of financial position as at 30 June 2022

	Notes	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	3,770,576	792,226
Trade and other receivables	10	5,276,711	2,374,785
Prepayments		81,923	136,699
Contract asset		272,500	28,379
Other assets	13	137,085	-
Total current assets		<u>9,538,795</u>	<u>3,332,089</u>
Non-current assets			
Plant and equipment	11	199,737	136,261
Intangible assets	12	2,795,695	-
Right-of-use asset	14	101,273	291,815
Other assets	13	-	78,854
Total non-current assets		<u>3,096,705</u>	<u>506,930</u>
Total assets		<u>12,635,500</u>	<u>3,839,019</u>
LIABILITIES			
Current liabilities			
Trade and other payables	15	2,871,029	1,508,637
Contract liability		740,260	2,526,666
Lease liability	14	84,725	193,909
Current tax liability		55,268	20,441
Total current liabilities		<u>3,751,282</u>	<u>4,247,653</u>
Non-current liabilities			
Contract liability		62,517	88,542
Lease liability	14	-	84,725
Total non-current liabilities		<u>62,517</u>	<u>173,267</u>
Total liabilities		<u>3,813,799</u>	<u>4,422,920</u>
Net assets/(liabilities)		<u>8,821,701</u>	<u>(583,901)</u>
EQUITY			
Contributed equity	16	17,578,817	4,075,430
Accumulated losses		(9,147,293)	(4,892,813)
Reserves	17	390,177	233,482
Total equity		<u>8,821,701</u>	<u>(583,901)</u>

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

Consolidated statement of changes in equity for the year ended 30 June 2022

	Contributed equity \$	Accumulated losses \$	Share based payments reserve \$	Reserves Foreign currency translation reserve \$	Reorganisation reserve \$	Total \$
Balance as at 1 July 2020	10	(1,489,371)	76,760	-	3,076,239	1,663,638
Loss for the year	-	(3,403,442)	-	-	-	(3,403,442)
Other comprehensive income	-	-	-	23,328	-	23,328
Total comprehensive income/(loss)	-	(3,403,442)	-	23,328	-	(3,380,114)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	272	-	-	-	998,909	999,181
Share swap (note 17(c))	4,075,148	-	-	-	(4,075,148)	-
Share-based payments	-	-	133,394	-	-	133,394
Balance as at 30 June 2021	4,075,430	(4,892,813)	210,154	23,328	-	(583,901)
Loss for the year	-	(4,254,480)	-	-	-	(4,254,480)
Other comprehensive income	-	-	-	22,436	-	22,436
Total comprehensive income/(loss)	-	(4,254,480)	-	22,436	-	(4,232,044)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	13,503,387	-	-	-	-	13,503,387
Share-based payments	-	-	134,259	-	-	134,259
Balance as at 30 June 2022	17,578,817	(9,147,293)	344,413	45,764	-	8,821,701

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

Consolidated statement of cash flows for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers (GST inclusive)		7,255,071	8,712,077
Grant income received (GST inclusive)		-	744,500
Research and development tax incentive		2,631,964	811,871
Payments to suppliers and employees (GST inclusive)		(13,312,013)	(11,406,751)
Interest received		592	623
Interest paid		(15,145)	(11,955)
Income tax paid		(595,030)	-
Net cashflow from operating activities	19	<u>(4,034,561)</u>	<u>(1,149,636)</u>
Cash flows from investing activities			
Payments for security deposits		(58,230)	(14,961)
Payments for property, plant and equipment		(153,995)	(130,103)
Payments for intangibles		(6,084,065)	-
Net cashflow from investing activities		<u>(6,296,290)</u>	<u>(145,064)</u>
Cash flows from financing activities			
Proceeds on issue of shares		13,603,387	998,908
Share issue transaction costs		(100,000)	-
Principal elements of lease repayments		(193,909)	(127,838)
Net cashflow from financing activities		<u>13,309,478</u>	<u>871,070</u>
Net increase (decrease) in cash and cash equivalents		2,978,627	(423,629)
Effects of foreign currency		(277)	(8,045)
Cash and cash equivalents at the beginning of the year		<u>792,226</u>	<u>1,223,900</u>
Cash and cash equivalents at the end of the year	9	<u>3,770,576</u>	<u>792,226</u>

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

Note 1 Summary of significant accounting policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. The Group is a for-profit entity for the purpose of preparing the financial statements. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs.

The financial statements were authorised for issue by the Directors on 30 September 2022. The Directors have the power to amend and reissue the financial statements.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial report, the Group incurred a net loss of \$4,254,480 and net operating cash outflows of \$4,034,561 for the year ended 30 June 2022. As at 30 June 2022, the Group had a cash balance of \$3,770,576.

The Group is continuing to invest in research and development activities to enhance the capability of the SystemView product to address and reflect differences across multiple jurisdictions, and in order to finance this activity, additional funding beyond the existing cash balance at 30 June 2022 will be required.

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- the continued ability to commercialise the SystemView platform; and
- the ability of the Group to raise capital as and when necessary.

As a result of these matters, there is a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, the Directors believe that the Group will be successful in the above matters due to the following reasons and, accordingly, have prepared the financial report on a going concern basis

- There is sufficient cash available for the Group to continue operating until it can raise further capital to fund its ongoing activities; and
- The Group has a strong history of being able to raise capital as and when necessary, raising \$8m between April and June 2022 and \$5m in August 2021 through placements to sophisticated and institutional investors.

Note 1 Summary of significant accounting policies (continued)

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

a. Income tax

The income tax expense or benefit for the year is the tax payable on that year's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 1 Summary of significant accounting policies (continued)

b. Revenue

Revenue from contracts with customers

The Group derives revenue primarily from SystemView proprietary software, under a subscription delivery model, as well as through customised development for clients in the health sector.

Revenue is recognised when (or as) the performance obligation is satisfied, based on the amount of the transaction price (excluding estimates of variable consideration that are constrained) that is allocated to that performance obligation.

Subscription revenue

Subscription revenue primarily consists of fees that give customers access to proprietary management information platforms (eg SystemView) and technical support. Subscription fees are fixed and subject to specific performance obligations set out in each contract. The fees are recognised over time as they are delivered and consumed concurrently over the contractual term, beginning on the date that service is made available to the customer. Contracts typically have a term of one to three years in duration. Customers are invoiced in advance for subscription fees, from six months to three years.

Fees for feasibility work undertaken during an initial set up phase are deferred and recognised over the life of the associated SystemView subscription contract. Feasibility fees are fixed and subject to specific performance obligations set out in each contract. Feasibility revenue that has been deferred is recognised in full where it is determined that the prospective customer will not proceed with implementing SystemView.

Commercialisation revenue

Commercialisation revenue relates to the development and commercialisation of proprietary management information platforms (eg SystemView) and associated applications, in collaboration with industry partners. Commercialisation fees are fixed and subject to specific performance obligations set out in each contract. In the case of certain fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. Revenue is recognised over time using either an input method, based on costs incurred, or an output method, based on performance delivered.

For some of the Group's commercialisation revenue contracts, revenue is recognised on an output method, whereby management agree on the amount that can be billed based on what has been delivered during each period.

For other commercialisation revenue contracts, revenue has been recognised on an input method, whereby revenue is recognised based on the percentage of actual costs incurred compared to forecasted total costs.

Note 1 Summary of significant accounting policies (continued)

b. Revenue (continued)

Consulting revenue

Consulting revenue relates to the provision of consulting services, including the review of systems and processes, and solution architecture design. Consulting fees are fixed and subject to specific performance obligations set out in each contract. Consulting revenue is recognised over time as performance obligations are met.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money. Payments from customers are generally collected in advance of provision of services.

In applying AASB 15 to contracts with customers, the Group has determined that there are no material rights offered by way of options for additional services to be provided at a discount within the contractual terms. Where the Group provides discounts or rebates to customers, these are factored into the transaction price and are recognised on a systemic basis in line with the revenue stream to which they relate.

Other Income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Grants from the government are recognised at their fair value in other income where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Certain expenditure may qualify for the ATO Research and Development (R&D) Tax Incentive giving rise to a refundable tax offset. R&D refund amounts are either recognised in other income when it is probable they will be received or offset against capitalised software development costs.

Note 1 Summary of significant accounting policies (continued)

c. Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

d. Current and non-current classification

Assets and liabilities are presented in the balance sheet 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 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 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.

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

e. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the balance sheet.

Note 1 Summary of significant accounting policies (continued)

f. Trade and other receivables

Trade receivables include amounts due from customers for goods sold and services performed in the ordinary course of business and the Group has unconditional rights to payment. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. The Group has applied the simplified approach to measuring expected credit losses, which has a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue and assessed for recoverability based on historical payment received. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

g. Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment	5 years
Computer equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

h. Software developed or acquired not as part of a business combination

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probably future economic benefits;
- adequate technical, financial, and other resources to complete the development and to use or sell the software are available; and

Note 1 Summary of significant accounting policies (continued)

- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Costs associated with maintaining software programmes are recognised as an expense as incurred.

Capitalised development costs are amortised on a straight-line basis over three years, which, given the constant and rapid development of the project, management considers to represent the useful life of the project.

Certain expenditure relating to the development of software may qualify for the ATO Research and Development (R&D) Tax Incentive, giving rise to a refundable tax offset. Where this expenditure relates to capitalised development costs, the related R&D refund amounts are offset against capitalised software development costs.

i. Leases

Measurement of right-of use assets

Right-of-use assets are measured at cost, which includes the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs incurred by the Group; and an estimate of costs to be incurred by the Group to “make good” the asset.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is measured at the present value of lease payments discounted at the Group’s incremental borrowing rate. Lease payments include fixed payments, and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The Group leases an office in Southport, Queensland from which the business operates.

Lease modifications

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease

Note 1 Summary of significant accounting policies (continued)

liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

j. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

k. 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 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 long service leave not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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.

Share-based payments

Equity settled share-based compensation benefits are provided to employees. Equity settled transactions are awards of shares, options or performance rights over shares, that provided to employees in exchange for the rendering of services.

The cost of equity settled transactions are measured at fair value on grant date. Fair value is determined using various valuation methods including Black Scholes, Binomial and the Monte Carlo Simulation method that takes in account the exercise price, the term of the options, the impacts of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the options.

Note 1 Summary of significant accounting policies (continued)

The cost of equity settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date, fair value of the award, the best estimate of the number of awards that is likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods. Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Shared-based payment expenses are recognised over the period during which the employee provides the relevant services. This period may commence prior to the grant date. In this situation, the entity estimates the grant date fair value of the equity instruments for the purposes of recognising the services received during the period between service commencement date and grant date. Once the grant date has been established, the earlier estimate is revised to that the amount recognised for services received is ultimately based on the grant date fair value of the equity instruments.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense before the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

I. 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.

Note 1 Summary of significant accounting policies (continued)

m. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of The Group, 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.

n. Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

o. New and Amended Accounting Policies Adopted by the Group

There are no new and revised Standards and Interpretations issued by the 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.

New and revised Standard and amendments thereof and Interpretations effective for the current year that relevant to the Group are disclosed below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

Note 1 Summary of significant accounting policies (continued)

Standards issued but not yet effective

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (including Amendment to IAS 1 – Classification of Liabilities as Current or Non-current – Deferral of Effective Date issued in July 2020):

In January 2020, the International Accounting Standards Board (“IASB” issued *Classification of Liabilities as Current or Non-current*, which amended IAS 1 *Presentation of Financial Statements*. The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Group is currently evaluating the impact, if any, this standard will have on the consolidated financial statements.

Amendments to AIS 37 – Onerous Contracts: Cost of Fulfilling a Contract

In May 2020, the IASB issued *Onerous Contracts: cost of Fulfilling a Contract*, which amended IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted. Entities apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. The comparatives are not restated. The Group is currently evaluating the impact, if any, this standard will have on the consolidated financial statements.

p. Critical accounting estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, such as:

- capitalised software development costs (note 12);
- deferred tax assets (note 5); and
- revenue recognition (note 1(b)).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectation of future events. Management believes the estimates used in preparation of the financial report are reasonable.

Note 1 Summary of significant accounting policies (continued)

q. Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australia dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise, the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at the average exchange rates for the period; and
- Accumulated losses are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australia dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

Note 2 Parent entity information

	Notes	2022 \$	2021 \$
ASSETS			
Current assets		272	272
Non-current assets		8,358,485	10,576,055
Total assets		8,358,757	10,576,327
LIABILITIES			
Current liabilities		-	-
Total liabilities		-	-
Net assets		8,358,757	10,576,327
EQUITY			
Contributed equity		24,079,715	10,576,327
Accumulated losses		(15,720,958)	-
Total equity		8,358,757	10,576,327
Loss for the year		15,720,958	-
Total comprehensive income/(loss)		(15,720,958)	-

Subsidiaries

Healthcare Logic Global Limited controlled the following entities during the year ended 30 June 2022:

	2022	2021
Healthcare Logic Pty Ltd (Australia)	100%	100%
Healthcare Logic IP Pty Ltd (Australia)	100%	100%
Healthcare Logic Operations Pty Ltd (Australia)	100%	100%
Slaintecare Logic Ltd (Ireland)	100%	100%

On 25 April 2021, the Group completed a corporate restructure whereby the issued capital of Healthcare Logic Pty Ltd was transferred to Healthcare Logic Global Limited (formerly Galen Systems Pty Ltd), on a scrip for scrip basis. The shares originally issued by Healthcare Logic Pty Ltd (to shareholders other than Healthcare Logic Global Limited) are presented as a reorganisation reserve as part of the reorganisation accounting. Upon the transfer of shares to Healthcare Logic Global Limited, these shares have been recognised as Contributed equity of Healthcare Logic Global Limited in the Consolidated statement of changes in equity. As the ultimate ownership of the Group was unchanged, and there is no substantive change in the reporting entity or its assets and liabilities, the

Note 2 Parent information (continued)

Group have adopted continuation accounting and present these financial statements as those of Healthcare Logic Global Limited as if it had always been the parent entity.

Guarantees

Healthcare Logic Global Limited has not entered into any guarantees, in the current or previous reporting periods, in relation to the debts of its subsidiaries.

Contingent liabilities

At 30 June 2022, Healthcare Logic Global Limited did not have any contingent liabilities (2021: nil).

Contractual commitments

At 30 June 2022, Healthcare Logic Global Limited did not have any commitments (2021: \$nil).

Note 3 Revenue and other income

	2022	2021
Revenue	\$	\$
Subscription revenue	512,827	107,500
Commercialisation revenue	6,551,111	3,713,239
Consulting revenue	847,425	935,400
	<u>7,911,363</u>	<u>4,756,139</u>
Other income		
Grant income	-	666,500
Interest income	592	623
Research and development tax incentive	3,758,154	1,447,186
	<u>3,758,746</u>	<u>2,114,309</u>

Assets and liabilities related to contracts with customers

Contract liabilities	<u>802,777</u>	<u>2,615,208</u>
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Revenue recognised in relation to contract liabilities

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

Opening balance	2,615,208	328,075
Payments received in advance	4,979,007	5,977,872
Transfer to revenue - included in the opening balance	(2,347,000)	(107,500)
Transfer to revenue - other balances	(4,444,438)	(3,583,239)
Closing balance	<u>802,777</u>	<u>2,615,208</u>

Unsatisfied long-term commercialisation contracts

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$4,968,585 (2021: \$8,580,761) and is expected to be recognised as revenue in future periods as follows:

Within 12 months	4,546,085	6,661,821
1 to 5 years	422,500	1,918,940
Greater than 5 years	-	-
	<u>4,968,585</u>	<u>8,580,761</u>

Note 4 Loss for the year

Loss before income tax from continuing operations includes the following items:

	2022	2021
	\$	\$
Amortisation of intangible assets	909,256	13,061
Depreciation of property, plant and equipment	93,863	49,909
Depreciation of right-of-use asset	190,542	118,914
Consulting & accounting expenses	422,553	466,502
Recruitment costs	516,794	285,691
Subscription fees	1,137,505	189,882
Contractor costs	2,921,666	1,901,926
Total	6,192,179	3,025,885
Included in employee benefits expense and Directors' remuneration:		
Superannuation contributions	649,143	479,550
Share based payment expense	134,259	133,394
Interest paid on lease liabilities	15,145	11,955

Note 5 Income tax expense

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

	2022 \$	2021 \$
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	(3,624,623)	(3,333,179)
Tax at the Australian tax rate of 25% (2021: 26%)	(906,156)	(866,626)
Difference in overseas rates	(61,637)	20,444
Adjustments for current tax of prior periods	567,474	-
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- grant income	-	(13,000)
- amounts related to research and development tax incentive	646,162	488,716
- other non deductible amounts	107,623	34,682
Effect of changes in tax rates	-	18,231
Adjustment to net deferred tax assets and liabilities for tax losses and temporary differences not recognised	276,391	387,816
Income tax expense / (benefit)	629,857	70,263
(b) Tax expense/(income) recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Deferred tax – share issue costs	-	-
(c) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Accrued expenses	30,336	8,215
Business capital costs	5,032	3,531
Employee benefits	146,590	119,158
Foreign currency translation	9,424	-
Tax losses	205,995	328,448
Total deferred tax assets	397,377	459,352
Set-off of deferred tax liabilities pursuant to set-off provisions	(57,624)	(71,536)
Deferred tax assets not recognised	(339,753)	(387,816)
Net deferred tax assets	-	-
Unused tax losses for which no deferred tax asset has been recognised	823,892	1,313,792
Potential tax benefit @ 25%	205,995	328,448

Note 5 Income tax expense (continued)

	2022	2021
	\$	\$
(d) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Prepayments	18,902	34,175
Property, plant and equipment	34,584	34,065
Right-of-use asset	4,138	3,296
Total deferred tax liabilities	<u>57,624</u>	<u>71,536</u>
Set-off of deferred tax liabilities pursuant to set-off provisions	<u>(57,624)</u>	<u>(71,536)</u>
Net deferred tax liabilities	<u>-</u>	<u>-</u>

Note 6 Key Management Personnel compensation

The totals of remuneration paid to KMP of the Group during the year are as follows:

	2022	2021
	\$	\$
Short-term employee benefits	1,019,260	765,385
Post-employment benefits	93,423	67,420
Share based compensation	<u>51,906</u>	<u>18,156</u>
Total KMP compensation	<u>1,164,589</u>	<u>850,961</u>

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Directors as well as all salary, paid leave benefits and fringe benefits paid to Executive Directors and employees.

Post-employment benefits

These amounts are the current year's superannuation contributions made during the year.

Note 7 Auditor's remuneration

	2022 \$	2021 \$
Remuneration of the auditor for:		
<i>PwC Australia</i>		
Statutory audits and reviews of financial reports	118,800	86,700
Other audits and reviews of financial reports	-	40,000
Consulting services	-	-
Total remuneration of PwC Australia	118,800	126,700
<i>PwC network firms</i>		
Consulting services	482,438	235,798
Total remuneration of PwC network firms	482,438	235,798

Note 8 Earnings per share

	2022 \$	2021 \$
(a) Basic earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the Group	(0.1)	(0.1)
(b) Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the Group	(0.1)	(0.1)
(c) Reconciliations of earnings used in calculating earnings per share		
	2022 \$	2021 \$
<i>Basic earnings per share</i>		
Profit / (Loss) attributable to the ordinary equity holders of the Group used in calculating basic earnings per share	(4,254,480)	(3,403,442)
<i>Diluted earnings per share</i>		
Profit / (Loss) attributable to the ordinary equity holders of the Group used in calculating diluted earnings per share	(4,254,480)	(3,403,442)
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	47,089,240	31,319,871

Note 9 Cash and cash equivalents

	2022	2021
	\$	\$
Cash at bank and on hand	3,770,576	792,226
	<u>3,770,576</u>	<u>792,226</u>

Note 10 Trade and other receivables

	2022	2021
	\$	\$
Trade receivables	113,421	694,750
Research and development tax incentive refund	4,952,505	1,447,201
GST receivable	210,785	232,834
Total current trade and other receivables	<u>5,276,711</u>	<u>2,374,785</u>

For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. Management has determined that assessment of expected credit loss associated with other receivables is negligible.

Note 11 Plant and equipment

	2022	2021
	\$	\$
Plant and equipment		
Cost	17,643	16,765
Accumulated depreciation	(8,592)	(5,083)
	<u>9,051</u>	<u>11,682</u>
Computer equipment		
Cost	376,362	220,564
Accumulated depreciation	(185,676)	(95,985)
	<u>190,686</u>	<u>124,579</u>
Total property, plant and equipment	<u>199,737</u>	<u>136,261</u>

	Plant and equipment	Computer equipment	Total
	\$	\$	\$
Balance at 1 July 2020	8,111	48,151	56,262
Additions	6,255	123,653	129,908
Disposals	-	-	-
Depreciation	(2,684)	(47,225)	(49,909)
Balance at 30 June 2021	<u>11,682</u>	<u>124,579</u>	<u>136,261</u>
Additions	878	159,805	160,683
Disposals	-	-	-
Depreciation	(3,509)	(90,354)	(93,863)
Foreign exchange difference	-	(3,344)	(3,344)
Balance at 30 June 2022	<u>9,051</u>	<u>190,686</u>	<u>199,737</u>

Note 12 Intangible assets

	2022 \$	2021 \$
Software		
Cost	3,362,591	-
Accumulated amortisation	(909,256)	-
	<u>2,453,335</u>	<u>-</u>
Software under development		
Cost	342,360	-
Accumulated depreciation	-	-
	<u>342,360</u>	<u>-</u>
Total intangible assets	<u>2,795,695</u>	<u>-</u>

	Software \$	Software under development \$	Total \$
Balance at 1 July 2020	-	-	-
Additions	-	-	-
Amortisation	-	-	-
Balance at 30 June 2021	<u>-</u>	<u>-</u>	<u>-</u>
Additions	5,951,491	342,360	6,293,850
Amortisation	(909,256)	-	(909,256)
R&D tax offset	(2,588,900)	-	(2,588,899)
Balance at 30 June 2022	<u>2,453,335</u>	<u>342,360</u>	<u>2,795,695</u>

Note 13 Other assets

	2022 \$	2021 \$
Current		
Security deposits	137,085	-
	<u>137,085</u>	<u>-</u>
Non-current		
Security deposits	-	78,854
	<u>-</u>	<u>78,854</u>

Note 14 Leases

The Group is the lessee of office premises and information about this lease is presented below:

	2022	2021
	\$	\$
Right of use asset		
Opening balance	291,815	106,500
Additions	-	304,229
Depreciation	(190,542)	(118,914)
Closing balance	101,273	291,815

	2022	2021
	\$	\$
Lease liabilities		
Maturity analysis		
Less than one year	84,725	193,909
One to five years	-	84,725
Greater than five years	-	-
Total lease liabilities at 30 June	84,725	278,634

	2022	2021
	\$	\$
Amounts recognised in profit or loss		
Interest on lease liabilities	11,244	11,955
Depreciation on right of use asset	190,542	118,914
Low value lease payments	1,800	1,800

	2022	2021
	\$	\$
Amounts recognised in statement of cashflows		
Cashflows from operating activities		
Interest paid	11,244	11,955
Cashflows from investing activities		
Principal element of lease payments	193,909	127,838

Note 15 Trade and other payables

	2022	2021
	\$	\$
Current		
Trade creditors	418,530	280,098
Other payables	1,718,812	751,909
Employee benefits	733,687	476,630
	2,871,029	1,508,637

Note 16 Equity

	Fully paid ordinary shares	
	Number	\$
(a) Share capital		
As at 30 June 2021	154,571	4,075,430
As at 30 June 2022	58,909,793	17,578,817

(b) Ordinary share capital

Date	Details	Note	Number of Shares	Issue Price	\$
30 Jun 2021* (restated)	Balance		35,087,617	-	4,075,430
1 Jul 2021	Share issue* (restated)	(a)	47,670	-	-
Jul-Aug 2021	Shares issued* (restated)	(b)	5,855,465	0.8539	4,999,845
Nov 2021 – April 2022	Exercise of options*	(c)	27,240	0.3669	9,995
9 Dec 2021	Exercise of options	(d)	698,933	0.7338	512,899
Apr-Jun 2022	Shares issued	(e)	17,192,868	0.4700	8,080,648
	Capital raising costs				(100,000)
30 Jun 2022	Balance		58,909,793		17,578,817

*On 23 November 2021, a 227:1 share split was completed. This was applied retrospectively to existing shares and options on issue, and all share information has been retrospectively adjusted.

(a) Share issue

On 1 July 2021, 210 shares were awarded to a Jill Watts for nil consideration.

(b) Share issue

In July and August 2021, 25,795 shares were issued at \$193.84 per share to both sophisticated and institutional investors.

(c) Exercise of options

Between November 2021 and April 2022, 27,240 ordinary shares were issued to non-KMP on the exercise of options at \$0.7338 per share.

(d) Exercise of options

On 9 December 2021, 698,933 ordinary shares were issued on the exercise of options at \$0.7338 per share to Orbit Capital Pty Ltd (refer to note 18).

(e) Share issue

Between April and June 2022, 17,192,868 shares were issued at \$0.47 per share to both sophisticated and institutional investors.

Note 16 Equity (continued)

(f) Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group has no externally imposed capital requirements.

Note 17 Reserves

	2022 \$	2021 \$
Share based payments reserve	344,413	210,154
Foreign currency transaction reserve	45,764	23,328
Reorganisation reserve	-	-
	<u>390,177</u>	<u>233,482</u>

(a) Share based payments reserve

	2022 \$	2021 \$
Opening balance	210,154	76,760
Share based payments expense	<u>134,259</u>	<u>133,394</u>
Closing balance	<u>344,413</u>	<u>210,154</u>

The share-based payment reserve records items recognised as expenses on valuation of director, employee and contractor options.

(b) Foreign currency translation reserve

	2022 \$	2021 \$
Opening balance	23,328	-
Movement in foreign currency translation reserve	<u>22,436</u>	<u>23,328</u>
Closing balance	<u>45,764</u>	<u>23,328</u>

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Note 17 Reserves (continued)

(c) Reorganisation reserve

On 25 April 2021, the Group completed a corporate restructure through a share swap in which shareholders of Healthcare Logic Pty Ltd exchanged their shares for shares in Healthcare Logic Global Limited (formerly Galen Systems Pty Ltd), on a scrip for scrip basis.

Movements in the share capital of Healthcare Logic Pty Ltd, and therefore the reorganisation reserve, are set out in the table below:

	Note	2022 \$	2021 \$
Opening balance		-	3,076,239
Placement of shares to sophisticated investors		-	-
Entitlement issue	(i)	-	998,909
Share issue expenses		-	-
Share swap		-	(4,075,148)
Closing balance		-	-

- (i) On 12 January 2021, 4,289 fully paid ordinary shares were issued at \$232.90 under a 1 for 35 entitlement offer.

In the parent entity's separate financial statements, the share swap is accounted for at fair value, and is recognised as an investment within non-current assets (refer to note 2).

Note 18 Share based payments

A share option plan was established by the Group during the prior period, whereby options over ordinary shares in the Company were granted to employees of the Group. The options are issued for nil consideration.

A summary of movement of all options issued are as follows:	Number	Weighted Average Exercise Price
Options outstanding as at 1 July 2020* (restated)	344,586	\$0.73
Granted* (restated)	1,258,488	\$0.53
Forfeited* (restated)	(83,990)	\$0.37
Exercised	-	-
Options outstanding as at 30 June 2021* (restated)	1,519,084	
Granted	-	-
Forfeited	-	\$0.55
Exercised	(726,173)	\$0.72
Options outstanding as at 30 June 2022	792,911	

*On 23 November 2021, a 227:1 share split was completed. This was applied retrospectively to existing shares and options on issue, and all share information has been retrospectively adjusted.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.71 years.

Details of options awarded during previous financial years are as follows:

- During the previous financial years, options were awarded to employees and executives to take up ordinary shares as set out in the table below. The fair value of these was calculated using a binomial option pricing model applying the following inputs:

Grant date	Expiry date	Share price at grant date* (restated)	Exercise price* (restated)	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date* (restated)
21/09/2020	30/06/2026	\$0.37	\$0.37	80.94%	0.00%	0.53%	\$0.23
21/09/2020	30/06/2026	\$0.37	\$0.37	80.94%	0.00%	0.53%	\$0.24
21/09/2020	30/06/2026	\$0.37	\$0.37	80.94%	0.00%	0.53%	\$0.24
11/01/2021	30/06/2026	\$1.03	\$1.03	80.94%	0.00%	0.53%	\$0.70
25/01/2021	30/06/2026	\$1.03	\$1.03	80.94%	0.00%	0.53%	\$0.70
22/02/2021	30/06/2026	\$1.03	\$1.03	80.94%	0.00%	0.53%	\$0.70
15/03/2021	30/06/2026	\$1.03	\$1.03	80.94%	0.00%	0.53%	\$0.70

Note 18 Share based payments (continued)

- b. 3,079 options over ordinary shares were granted to Orbit Capital Pty Ltd in prior years (1,518 were issued during FY2020 and 1,561 were issued during FY2021).

These options were exercisable at \$166.58 with 1,518 expiring on 29/04/2023 and 1,561 expire on 12/01/2024. The total fair value of these options was determined to be \$76,760, which represented the cash fee that would have been paid for services provided by Orbit Capital as an alternative to the options issued. These options were exercised on 9 December 2021 (698,933 options following the 227:1 share split).

Note 19 Cash flow information

(a) Reconciliation of loss after income tax to net cash outflow from operating activities

	2022	2021
	\$	\$
Loss for the year	(4,254,480)	(3,403,442)
Adjustments for		
Amortisation expense	909,256	13,061
Depreciation expense	284,404	168,823
Share based payments expense	134,259	133,394
FX impact	469	8,045
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(522,812)	(1,030,668)
(Increase)/decrease in prepayments and other assets	54,775	(133,919)
(Increase)/decrease in deferred tax assets	-	49,822
(Increase)/decrease in contract assets	(244,121)	(28,379)
Increase/(decrease) in trade creditors and other payables	1,381,291	766,054
Increase/(decrease) in contract liability	(1,812,429)	2,287,133
Increase/(decrease) in tax liabilities	34,827	20,441
Net cash inflow (outflow) from operating activities	(4,034,561)	(1,149,635)

(b) Non-cash financing and investing activities

Non-cash financing and investing activities disclosed in other notes are:

- Options and shares issued to employees – notes 16 and 18
- Right of use assets – note 14

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each period presented.

	2022	2021
	\$	\$
Cash and cash equivalents	3,770,576	792,226
Lease liability - repayable within one year	(84,725)	(193,909)
Lease liability - repayable after one year	-	(84,725)
Net cash (debt)	3,685,851	513,592
Cash and cash equivalents	3,770,576	792,226
Gross debt – fixed interest rates	(84,725)	(278,634)
Gross debt – variable interest rates	-	-
Net cash (debt)	3,685,851	513,592

Note 19 Cash flow information (continued)

		Liabilities from financing activities		
	Cash \$	Borrowings due within 1 year \$	Borrowings due after 1 year \$	Total \$
Net cash as at 1 July 2020	1,223,900	(53,402)	(48,841)	1,121,657
Cashflows	(455,002)	(135,940)	-	(590,942)
Other non-cash movements	23,328	(4,567)	(35,884)	(17,123)
Net cash as at 30 June 2021	792,226	(193,909)	(84,725)	513,592
Cashflows	2,978,627	193,909	-	3,172,536
Other non-cash movements	(277)	(84,725)	84,725	(277)
Net cash as at 30 June 2022	3,770,576	(84,725)	-	3,685,851

Note 20 Events after the reporting date

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Note 21 Related party transactions

Related Parties

The Group's main related parties are as follows:

a. **Ultimate parent entity**

The ultimate parent entity of the Group is Healthcare Logic Global Ltd.

b. **Key management personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 6.

c. **Other related parties**

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

d. **Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties, unless otherwise stated.

	2022 \$	2021 \$
The Group employed certain close family members of Martin Connor, a director	207,399	186,376

Note 22 Contingent liabilities

The Group does not have any contingent assets or liabilities as at 30 June 2022 (2021: nil).

Note 23 Financial risk management

The Group's financial instruments consist mainly of deposits with banks, security deposits and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	2022	2021
	\$	\$
Financial assets		
Cash and cash equivalents	3,770,576	792,226
Trade and other receivables	5,276,711	2,374,785
Other assets – security deposits	137,085	78,854
Total financial assets	9,184,372	3,245,865
Financial liabilities		
Trade and other payables	2,871,029	1,741,471
Lease liabilities	84,725	278,634
Total financial liabilities	2,955,754	2,020,105

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises primarily from cash and cash equivalents and deposits with banks and financial institutions. The Group currently banks with Commonwealth Bank of Australia.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. No finance facilities were available to the Group at the end of the reporting period.

All financial assets and financial liabilities mature within one year, with the exception of security deposits and lease liabilities.

Market risk

Market risk is the risk that the change in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Note 23 Financial risk management (continued)

The Group is not exposed to market risks other than foreign currency and interest rate risks.

Foreign currency risk

Exposure to foreign currency risk may result in the fair value of future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held in foreign currency, fluctuations in Euros and New Zealand dollar may impact on the Group's financial result.

The following table shows the foreign currency risk as on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the operations.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2022	2021
	\$	\$
<i>Euros</i>		
Cash at bank	111,521	538,058
Trade creditors	30,635	80,128
Contract liability	24,904	1,718,341
<i>New Zealand Dollars</i>		
Cash at bank	-	58,970
Trade receivables	6,503	6,700

Cash flow and fair value interest rate risk

As the Group has interest-bearing cash assets, the Group's income and operating cash flows are exposed to changes in market interest rates. The Group manages its exposure to changes in interest rates by using fixed term deposits.

At 30 June 2022, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post-tax profit / (loss) for the year would have been \$30,869 (2021: \$255) lower/higher, as a result of higher/lower interest income from cash and cash equivalents.

Fair Value

The carrying value of all financial assets and financial liabilities approximate their fair value, due to their short term nature.

Note 24 Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographic basis that is the location where revenue is derived.

The Group currently has one operating segment being the development and commercialisation of SystemView within two geographical areas, being Australia and Ireland. The financial results from each geographical area have been consolidated in the financial statements of the Group as a whole, and reviewed by management as such.

The Group has two customers from which it generates greater than 10% of its revenue (2021: 3).

	2022 \$	2021 \$
Gold Coast Hospital and Health Service	507,500	935,000
The State of Queensland acting through the Department of Health	740,000	730,400
Health Service Executive (HSE) Ireland	5,771,110	2,963,239

Non-current assets by geographical area:

	2022 \$	2021 \$
Australia	3,096,705	506,960
Ireland	-	1,900

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 45:
 - (i) comply with Accounting Standards; and
 - (ii) present fairly the Group's financial position as at 30 June 2022 and its performance for the financial year ended on that date
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



M Connor
Managing Director
Brisbane, 30 September 2022



Independent auditor's report

To the members of Healthcare Logic Global Limited

Our opinion

In our opinion:

The accompanying financial report of Healthcare Logic Global Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2022
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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.



Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$4,254,480 and net operating cash outflows of \$4,034,561 during the year ended 30 June 2022, and remains dependent upon raising additional funding to finance its ongoing activities. These conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company 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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

The PricewaterhouseCoopers logo, written in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Steven Bosiljevac'.

Steven Bosiljevac
Partner

Brisbane
30 September 2022