MYFIZIQ LIMITED

ACN 602 111 115

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Corporate Directory

Directors
Peter Wall (Non-executive Chairman)
Vlado Bosanac (Executive Director and CEO)
Michael Melby (Non-executive Director)
Nicholas Prosser (Non-executive Director)
Dato Low Koon Poh (Non-executive Director - appointed 13 July 2020)

Company Secretary/ Chief Financial Officer
Steven Richards

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

Principal Place of Business
Unit 5, 71-73 The Esplanade
South Perth WA 6151

Auditors
PKF Perth
Level 5, 35 Havelock Street
West Perth WA 6005

Share Registry
Automic Registry Services

Level 2, 267 St Georges Terrace
Perth WA 6000
Telephone : +61 8 9324 2099
Facsimile : +61 8 9321 2337

ASX Code
MYQ

Website and email addresses
www.myfiziq.com
admin@myfiziq.com

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

Company Information
The Company is domiciled in Australia.

Contents Page

The Directors present the financial statements of MyFiziq Limited ("MyFiziq" or "the Company") for the year ended 30 June 2020.

Principal Activities and Operating Model

The principal activity of the Company during the financial year was the ongoing development of its mobile phone-based technology, which provides end-users with an ability to scan their body using their mobile phone camera to give them accurate dimensions of their anatomy. The Company's technology is offered as software as a service solution ("SAAS") using a business-to-business ("B2B") operating model.

MyFiziq operates across the following B2B business verticals:

- Health & Fitness
- Insurance Life & Health
- Telemedicine /Digital Health
- Online Apparel
- Wellness

There have been no significant changes in the nature of these activities during the financial year.

Review of Operations

Operating results and financial position

The net loss after income tax for the financial year was $5,396,512 (2019: $4,357,162), which includes $2,073,776 (2019: $1,206,802) in respect of share-based payments to suppliers, directors and employees under the Company's incentive plans.

Before share-based payments, the Company's adjusted net loss after income tax for the financial year is $3,322,736, which represents a 5% (or $172,376) increase over FY19 ($3,150,360), calculated as follows:

Table 1. Impact of Share-based payments on Total comprehensive loss for the year

	Year Ended 30 June 2020 $	**Year Ended 30 June 2019 $**
Total comprehensive loss for the year	5,396,512	4,357,162
Share-based payments (non-cash) adjusted for:		
Directors and employees remuneration	1,120,357	1,206,802
Corporate advisory services	918,919	-
Investor relations	34,500	-
	2,073,776	**1,206,802**
Total comprehensive loss for the year before share-based payments	**3,322,736**	**3,150,360**

Cash assets at the end of the financial year were $627,304 (2019: $573,977) with the Company having access to convertible note funding of A$1.84m available on 30 June 2020 (refer to Note 17 [6] of the Notes to the Financial Statements).

The Company's operations during the year performed as expected in the opinion of the directors.

Company Overview

Vlado Bosanac, Chief Executive Officer:

This has been a landmark year for the Company. Our team has worked exceptionally hard over the past five years to produce a versatile, highly accurate piece of technology which is now being delivered to the global market. Off the back of fifteen signed term sheets with partners, our focus over FY21 will be on fulfilling our contractual obligations and delivering our software as a service (SAAS) to a wide audience via our sales channel partners. Consequently, generating and growing top line revenue is right at the top of our strategic agenda.

With Wellteq having already launched in FY19, the Evolt Active app (with the MyFiziq technology embedded) was made available on the Apple Store in June 2020. Although marketing is yet to commence, the launch of the Evolt Active app in many ways signalled the beginning of the growth cycle for MyFiziq. MyFiziq has a further thirteen product launches we expect to deliver over the course of 2020 and 2021, courtesy of the previous signed and announced agreements the Company had in place with channel partners at the reporting date.

There have been several other noteworthy highlights during the financial year under review which has given the Company the ideal foundation with which to implement its growth plans in FY21. Firstly, the Company navigated its way through the initial COVID-19 challenge, securing USD1.5 million (circa A$2.2m) in capital and an additional $600,000 in loan funding during the period, while simultaneously reducing our liabilities by $1.89 million with the conversion of convertible note holders to shares. The shares were issued at an agreed price of $0.30 per share, which was a premium to the market at the time of announcement on 17 June 2020 of 25%.

The USD1.5 million capital funding mentioned above is a significant development for the Company, primarily as the deal has been concluded with the goal of advancing the companies prospect to a NASDAQ listing. Listing on the NASDAQ will give the future growth of the Company a tremendous boost. It will assist MyFiziq with advancing relationships with its US domiciled partners which in turn will bring both fresh investors and support to the Company. The Company will be providing further updates to shareholders as developments unfold.

BUSINESS HIGHLIGHTS AT A GLANCE		
5 **Five new agreements signed with partners during the year.**	**15** Fifteen signed agreements in place with sales channel partners overall (at the signing date).	**$561,537** $561,537 improvement to 'Net cash flows from operating activities' compared to FY19.
USD$1.5 MILLION NASDAQ FUNDING **$1.5 million in funding was secured during the reporting period, primarily for working capital and the dual listing to NASDAQ Capital Market.**	**STABLE THROUGH COVID-19** COVID-19 has had minimal negative impact overall with Company experiencing a 47% increase in share price between 2 March 2020 and 30 June 2020. Whilst a number of our partners experienced minor delays but are now back on track.	**$1.8 MILLION IN DEBT SETTLED** During the year, $693,124 was received from partners for application builds and subscriptions, convertible note debt of $1.3 million was settled by way of share issue and $550k in loans have been repaid.

Year Highlights

Five (5) new agreements

During the year, the Company signed binding term sheets with WellKom, TicTrac, Fit Capital HK, Serfaty Clinic Brazil, and Bearn, LLC and a letter of intent (LOI) with the Serfaty Clinic.

Bearn presents a unique multi-sided vendor backed platform that allows for the gamification and engagement of health with users. Users earn actual cash for improving their health, fitness, and wellness. Both WellKom and Tictrac area UK-based wellness platforms, whereas Fit Capital HK offers a goal setting and social betting training platform through their app (Stryde Fitness app). The LOI with the Serfaty Clinic is to commence testing of the new CompleteHealth application in readiness for entry into the Brazilian market, for the identification of the obese and overweight population in Brazil.

Fifteen (15) binding term sheets overall

At the time of this report, the Company had fifteen (15) signed agreements overall, three of which have already been launched through our channel partners, namely Wellteq, Evolt and Bearn. The remaining eleven agreements are anticipated to launch throughout the course of 2020 and 2021. The potential revenue that will be generated from the uptake in subscriptions as part of our software as a service (SAAS) licensing and delivery model is expected to be material and the Company is confident that it will achieve break-even within the next 12 months. The precise timing on this may be subject to volatility given the current state of the world economy.

$561,537 improvement in 'Net cash flows used in operating activities'

During FY20, the Company received a total of $695,124 in payments from partners for application development and subscriptions. During the period 1 March 2020 to 30 June 2020 ('Q4"), the Company had one of the best operating quarters since its inception in 2014. The Company received over $654,239 from customers and partners and reduced its operating expenditure over Q4 by 49%, compared to the average of the previous 3 months, resulting in a saving during the quarter of $1.1 million (refer to the 'Quarterly Report and Appendix 4C' announced on the ASX platform on 30 July 2020). As a result, 'Net cash flows used in operating activities' improved by $561,537 for the financial year ended 30 June 2020.

USD$1.5 million Funding

On 1 June 2020, the Company announced that it had executed a formal funding agreement for USD$1.5 million (circa A$2.2m) with Asia Cornerstone Asset Management (ACAM) by way of convertible note. The capital raised will be used to assist the Company with its working capital and expansion into the US, commencing the process of seeking a dual listing of the Company's securities on the main index of the NASDAQ Capital Market.. The Company is looking to raise a total of USD$3 million by way of convertible note, with discussions underway with potential investors to complete the balance of USD$1.5 million.

$1.89 million debt settled

Cash inflows of $1.666 million during the period 1 March 2020 through 30 June 2020, which includes a $600,000 advance from R&D Capital Partners (Pty) Ltd on the Company's R & D tax rebate, ensured a strong ending to FY20 and allowed the Company to shore up its balance sheet by repaying $550k in borrowings, with a further $1.34 million in convertible note debt settled by way of a share issue, at $0.30 per share.

Stable through COVID-19

Despite the economic shut down of many businesses and economies around the world due to the COVID-19 pandemic, MyFiziq has remained steady by achieving one of its best quarterly results and raising USD$1.5 million during the period. Furthermore, the Company has been identified by current and potential new partners as a key component in the digital health and Telemedicine space. This has provided some real opportunities for MyFiziq and its technology. An example of this is the Memorandum of Understanding the Company has executed with Canadian-based NuraLogix, where MyFiziq's will integrate with NuraLogix to form the CompleteHealth application (in development) allowing a user to identify a number of markers through both facial and total body scans to assist in identifying chronic illness (refer ASX announcement dated 6 July 2020).

Conclusion on the Company's performance during the 2020 financial year

The board and management believe the Company made significant progress during F20, laying a solid foundation for further growth in FY21. Listing on the NASDAQ will undoubtedly create value for the Company and its shareholders and is a top priority for the board and management. From a financial perspective, the Company made substantial reductions to debt and collected payments from partners, which improved both the qualitative and quantitative aspects of the balance sheet and brought about a strong finish for the Company to FY19.

The Company has progressed its position well over the period, having achieve multiple new partner agreements, launched 3 applications, reduced debt and raise capital for expansion. The focus of the year to come is to drive further partner signings and revenue from existing partnerships.

Looking forward

We are excited by the many opportunities across the Company, to better grow the business on a global scale and, in doing so, create value for our shareholders. We are focused on generating top line revenue by launching with our partners in accordance with the fifteen signed agreements already in place. With the Evolt Active app already live, the Bearn app launched on 24 August 2020 and is now available on both the Apple App Store and the Google Play Store. The MyFiziq technology is embedded into the Bearn application and ready to reach into the 25,000,000 pre-registered users they have acquired through their existing partnerships.

The potential listing on the NASDAQ will give the Company an opportunity to accelerate its expansion in the US by being domiciled closer to its core customer base, who are experiencing rapid industry growth, particularly in the digital health space. According to CB Insights[1], over $20 billion in funding was raised across 150 digital health cohort[2] companies in 2020 alone, of which 77% pertains to funding raised in the US.

In closing, we expect some headwinds from a challenged global economy in FY20, however, we have begun the new financial year with momentum. A continued focus on revenue, growth and a possible listing on the NASDAQ is expected to deliver meaningful benefits to the Company and its shareholders in the year ahead. The board and management remain confident for the outlook for FY21.

[1] – *'Digital Health 150: The Digital Health Startups Transforming the Future of Healthcare.'*

(https://www.cbinsights.com/research/report/digital-health-startups-redefining-healthcare/)

[2] - *The 2020 Digital Health 150 cohort comprises a broad range of startups, including well-funded companies commercializing their products and expanding into new markets, startups forming business relationships with key industry players, and early-stage startups with a strong research focus. A full list can be found by clicking the cbinsights.com link above.*

Directors

The following persons were directors of MyFiziq 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 Peter Wall - B.Com, LLB, MAppFin FFin

(Non-Executive Chairman)

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 companies, resources (hard rock and oil/gas), 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, Transcendence Technologies Limited, Minbos Resources Limited, Pursuit Minerals Limited and Argent Minerals Ltd.

In the 3 years immediately before the end of the 2020 financial period, Mr Wall served as non-executive chairman of Zinc of Ireland NL (resigned 21 July 2016), Ookami Limited (resigned January 2018), Activistic Limited (resigned 23 April 2018), Zyber Holdings Limited (resigned 22 January 2018), Sky and Space Global Ltd (resigned 4 December 2018) and Mandrake Resources Limited (resigned June 2019).

Mr Vlado Bosanac

(Executive Director and CEO)

Mr Bosanac is the co-founder of MyFiziq. Mr Bosanac has a strong track record in delivering results and his skill sets will help the Company to move towards commercialisation of the MyFiziq app. Mr. Bosanac, combines over 28 years of experience in capital markets, deal origination, negotiation, corporate advisory, strategy, project implementation, and private and public investment. His career spans over many decades with both public and private companies. In the last 2 decades, Mr. Bosanac has been primarily focused on deal origination and investment, whilst advising several companies and assuming roles as a director, advisor, founder, and board member, including HealthTec Growth Partners (HDP) which later became Greenday Corporate (GDC), Greenday Commodities and Fullerton Capital. In 2013 Mr. Bosanac founded, along with Dr. Katherine Iscoe, MyFiziq. He led the business development side of the business from 2013 to 2016 and in 2016 he assumed the role of Chief Executive Officer.

Mr Bosanac has not served as a director of any other listed companies in the 3 years immediately before the end of the 2020 financial year.

Mr Michael Melby

(Non-Executive Director)

Mr Melby brings a wealth of knowledge and skills to the Board through his experience as an entrepreneur, investment banker and private equity professional.

Michael is the portfolio manager at Gate City Capital Management, a micro-cap value focused investment firm he founded in 2011. Before launching Gate City Capital Management, Michael worked as a research analyst at Crystal Rock Capital Management where he covered the consumer, restaurant, retail, and gaming sectors. Mr Melby has demonstrated global success investing in the fitness industry and building one of the fastest growing gym chains in the world, UFC Gym. Mr. Melby has expanded his investment portfolio into the fitness technology sector by acquiring fitness app Fitocracy, ultimately leading to his co-founding of FITLAB.

Michael earned an MBA from the University of Chicago Booth School of Business where he graduated with Honors and a BBA in Finance from the University of Notre Dame where he graduated Summa Cum Laude. Michael is a CFA Charterholder and has earned the Financial Risk Manager designation.

Mr Melby has not served as a director of any other listed companies in the 3 years immediately before the end of the 2020 financial year.

Mr Nicholas Prosser

(Non-Executive Director)

Mr Prosser combines over 20 years of experience in the ICT sector and over 10 years as a founder, entrepreneur, and private investor. Previously he has been involved in Canberra Data Center as a founder and director. Canberra Data Center was established in 2011 and sold to a private equity firm in 2017 for $1.1 billion. Prior to 2011 Nicholas was a consultant and contractor to the Federal Government and Private companies in Australia. His knowledge spans multiple industries, data centre and financial compliance companies as founder and board member.

Mr Prosser has also been a director of Prosser foundation a private Australian charity 2018 to 2020, Cpdone Singapore a financial profession compliance company 20015 to 2020, and ThinkCaddie a financial profession compliance company 2018 to 2019.

Mr Prosser has not served as a director of any other listed companies in the 3 years immediately before the end of the 2020 financial year.

Mr Dato Low Koon Poh - FACCA

(Non-Executive Director – appointed 13 July 2020)

Mr Low is a Chartered Accountant who holds multiple offices in both private and public companies. Since January 2009, Mr Low started his accounting services practice and has been the President of KL Management Services in Petaling Jaya, Malaysia. Mr. Low has also been the President of IPO Partners Limited, a corporate advisory firm since April 2015, and a director of Round Table Partners Berhad since 2019. Mr. Low has worked on corporate projects involving mergers and acquisitions, initial public offerings, corporate restructuring, reverse mergers in Malaysia, Singapore, Australia, USA, and Taiwan.

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 has 22 years of combined experience in corporate finance, auditing, and accounting in various industries such as construction, plantation, hotels, property, manufacturing, marketing, and many more.

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

Chief Financial Officer and Company Secretary

Steven Richards – (Hons) B.Compt, B.Compt (cum laude), Chartered Accountant
(Appointed 6 September 2019)

Mr Richards combines over 15 years of experience in retail, sport brands and technology at Chief Financial Officer level, following a lengthy career as the Financial Director of PUMA Sports (South Africa) and then at Quiksilver as the Chief Financial Officer. Mr Richards also served as the Chief Financial Officer for Airscope Industries, a high-tech drone technology company.

From 2016 to 2019, he served as a lead business transformation consultant for Ramesys Global, a consultancy practice specialising in business transformation and profit optimization. Mr. Richards also served in a senior financial role at HealthEngine, a fast-growing technology company. Steven Richards does not currently hold any directorships.

He has an undergraduate degree from University of South Africa, which he achieved with distinction, a postgraduate degree and he is a Chartered Accountant through the South African Institute of Chartered Accountants.

Mr Richards is the current Chief Financial Officer and Company Secretary of MyFiziq.

Former Company Secretary

Kevin Hart - B. Com, FCA
(Resigned 31 October 2019)

Mr Hart is a Chartered Accountant with over 30 years' experience in accounting and the management and administration of public listed entities. He is a partner in an advisory firm, Endeavour Corporate.

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
P Wall	8, 700,000	-	-	-	-
V Bosanac	3,391,864	-	-	4,000,000	-
M Melby	2,000,000	-	-	-	-
N Prosser	5,253,582	-	-	-	-
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 2020	30 June 2019
Ordinary fully paid shares	114,392,923	91,621,888
Performance Shares – Class A[1]	-	15,000,000
Performance Shares – Class B[1]	-	15,000,000
Options over unissued shares	11,450,000	7,850,000
Performance rights over unissued shares	15,700,000	19,000,000

[1] - During the financial year, 30,000,000 Performance Shares (15,000,000 Class A and 15,000,000 Class B) were cancelled due to performance milestones not being met within the stipulated timeframe.

Ordinary Fully Paid Shares

During the financial year 22,771,035 ordinary shares were issued. Since the end of the financial year and the date of this report, 250,000 ordinary shares have been issued (shares issued to a supplier in lieu of a cash payment, with the benefit of improving cash flow in the current economic climate).

At the date of this report, there were 114,642,923 ordinary shares on issue. There are no unpaid amounts on the shares issued.

Options over Ordinary Shares

During the year ended 30 June 2020, the Company issued 5,400,000 unlisted options to suppliers and employees and 300,000 unlisted options were cancelled. Each option issued entitles the holder to subscribe for and be allotted one ordinary share.

During the year 1,000,000 options exercisable at 20 cents each and expiring 30 September 2020, were exercised utilising the cashless exercise provisions of the Option Incentive Scheme. The cashless exercise resulted in the issue of 230,769 ordinary shares. A further 500,000 unlisted options with an exercise price of $0.10 and expiring on 31 December 2020 were exercised during the year.

Since the end of the financial year and the date of this report, 100,000 options have been cancelled. No options have been issued, exercised or vested between the end of the financial year and the date of this report.

Equity Securities on Issue (continued)

Options over Ordinary Shares (continued)

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	1,750,000	10	31 Dec 2017	31 Dec 2020
21 Dec 2016	500,000	10	26 Oct 2018	31 Dec 2020
21 Dec 2016	1,250,000	10	31 Dec 2018	31 Dec 2021
21 Dec 2016	500,000	10	26 Oct 2019	30 Dec 2021
31 Jul 2018	400,000	50	31 Dec 2019	31 Dec 2022
31 Jul 2018	400,000	50	31 Dec 2020	31 Dec 2023
7 Dec 2018	100,000	50	31 Dec 2019	31 Dec 2022
7 Dec 2018	100,000	50	31 Dec 2020	31 Dec 2023
1 Feb 2019	400,000	65	31 Dec 2019	31 Dec 2022
1 Feb 2019	400,000	65	31 Dec 2020	31 Dec 2023
12 Feb 2019	250,000	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	2,500,000	60	4 Dec 2020	4 Dec 2022
24 Feb 2020	300,000	50	31 Jan 2021	31 Jan 2022
Total	**11,350,000**			

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.

Performance Rights over Ordinary Shares

During the year ended 30 June 2020, the Company issued 6,300,000 performance rights with various performance milestones to 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 1,050,000 performance rights vested and 9,550,000 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.

Equity Securities on Issue (continued)

Performance Rights over Ordinary Shares (continued)

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 2021	Vested
03 Mar 2017	2,000,000	03 Mar 2022	Vested
15 Nov 2017	500,000	31 Dec 2020	Vested
3 Sep 2018	3,000,000	3 Sep 2021	Vested
3 Sep 2018	1,000,000	30 Nov 2020	Vested
3 Sep 2018	1,000,000	30 Nov 2020	Vested
6 Sep 2019	5,000,000	04 Dec 2023	Subject to performance criteria
6 Sep 2019	1,250,000	28 Feb 2021	Subject to performance criteria
Total	**15,750,000**		

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

The Company announced on the 1st of June 2020 that it had secured an initial USD$1.5m from a cornerstone investor out of Hong Kong, Asia Cornerstone Asset Management ("ACAM"). This initial USD$1.5m has assisted the Company in progressing its desire to be listed on the US-based NASDAQ exchange. Refer to the 'Company Overview' in the Directors Report, as well as 'Note 17' of the 'Notes to the Annual Financial Statements' for more information on the USD$1.5m capital raised.

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

Events Subsequent to end of the Financial Year

On 13 July 2020, Dato Low Koon Poh ("Ken Low") was appointed as a non-executive director of the Company. More information on Ken Low can be found in the "Directors' section of this report. More information on events that have happened after the reporting date, can be found in 'Note 27' of the notes to the annual financial statements.

On 20 July 2020, the Company announced that it would participate in the Body Composition Technologies Pte Ltd (BCT) capital raising in the amount of approximately $671,000. The participation will increase MyFiziq's shareholding in BCT, upon conversion, to a majority stake of 54.5% in BCT (on a fully diluted basis).

The impact of the Coronavirus ('COVID-19') pandemic is ongoing for the entity up to 30 June 2020, 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.

Likely Developments and Expected Results

In late 2019, MyFiziq commenced discussions with US advisors and bankers on the potential to dual list the Company on the US-based NASDAQ exchange. The NASDAQ initiative is progressing well, with the Company having secured an initial USD$1.5m from Hong Kong based, Asia Cornerstone Asset Management ("ACAM") to assist with the listing. Additionally, the Company has commenced all required registrations with the US Securities and Exchange Commission and is now in the advanced stages of appointing a lead underwriter to provide services in connection with the NASDAQ Listing.

Refer to the 'Company Overview' in the Directors Report, as well as 'Note 17' of the 'Notes to the Annual Financial Statements' for more information on the USD$1.5m capital raised.

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 Company is not subject to significant environmental regulation in respect of its operations.

Officers' 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 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	4	4
V Bosanac	4	4
M Melby	4	3
N Prosser	4	4

Non-audit Services

During the period PKF Perth, the Company's auditor, provided non-audit services of $2,900 (2019: $2,900). A further $20,000 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 Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Remuneration Report (Audited)

Remuneration paid to Directors and Officers of the Company 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 Company'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 Company 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 Company'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.

The maximum annual Non-Executive Directors' fees, payable in aggregate are approved by Shareholders at the Company's Annual General Meeting.

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 Company'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 Company has not engaged external remuneration consultants to advise the Board on remuneration matters.

Remuneration Report (continued)

Incentive Plans

The Company provides long term incentives to Directors and Employees pursuant to the MyFiziq Limited Incentive Option Plan (approved by shareholders on 27 November 2019) or the MyFiziq Limited Incentive Performance Rights Plan (approved by shareholders on 16 February 2017).

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 Company, 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 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. Mr Low is also entitled to fully paid ordinary shares in the Company, the quantum of which is to be determined within 60 days of his appointment and will be subject to Board and shareholder approval.

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 2020, 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

The Company has agreed terms with Mr Vlado Bosanac in relation to his role as Executive Director and Chief Executive Officer, effective 17 October 2016. The terms, which are summarised below, are included in a formal executive services agreement.

Remuneration Report (continued)

In respect of his engagement as Executive Director and CFO, commencing 17 October 2016, Mr Bosanac will be paid a base salary of $295,650 per annum inclusive 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.

Mr Bosanac may also receive a short-term performance-based reward in the form of a cash bonus 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 29 November 2017. All performance rights have vested and 6,000,000 of the performance rights have been exercised.

Mr Bosanac holds the following vested Performance Rights under the MyFiziq Limited Incentive Performance Rights Plan:

The following Performance Rights have already been exercised and converted to fully paid ordinary shares:

- 2,000,000 to vest upon the first to occur of:
  The Company signing its first commercial transaction where the party or organisation has 5m or more active subscribers/followers; and
  The 10-trading day volume weighted average price of the Company's shares as traded on ASX being equal to or greater than $0.20.
  Expiry date: 03.03.2018
- 2,000,000 to vest upon the first to occur of:
  50,000 users or $500k annualised revenue; and
  The 10-trading day volume weighted average price of the Company's shares as traded on ASX being equal to or greater than $0.30.
  Expiry date: 03.03.2019
- 2,000,000 to vest upon the first to occur of:
  100,000 users or $1m annualised revenue; and
  The 10-trading day volume weighted average price of the Company's shares as traded on ASX being equal to or greater than $0.40.
  Expiry date: 03.03.2020

The following Performance Rights have not yet been exercised:

- 2,000,000 to vest upon the first to occur of:
  200,000 users or $2.5m annualised revenue; and
  The 10-trading day volume weighted average price of the Company's shares as traded on ASX being equal to or greater than $0.50.
  Expiry date: 03.03.2021
- 2,000,000 to vest upon the first to occur of:
  250,000 users or $5m annualised revenue; and
  The 10-trading day volume weighted average price of the Company's shares as traded on ASX being equal to or greater than $0.60.
  Expiry date: 03.03.2022

The executive services agreement can be terminated without cause with 3 months written notice or the provision of 3 month's salary in lieu of notice.

Remuneration Report (continued)

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 Company.

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.

Short Term Incentive Payments (continued)

No formal performance evaluation in respect of the year ended 30 June 2020 has taken place in accordance with this process, and accordingly no short term incentive payments have been paid or are payable to Executives in respect of the financial year ended 30 June 2020.

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 MyFiziq under the terms of the Company's constitution.

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:

	2020	2019	2018	2017	2016
Loss for the period attributable to shareholders	**$5,396,512**	$4,357,162	$13,919,468	$2,189,609	$2,040,653
Closing share price on 30 June	**$0.17**	$0.17	$0.375	$0.065	$0.062

Remuneration Disclosures

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

Mr Peter Wall	Non-Executive Chairman
Mr Vlado Bosanac	Executive Director and Chief Executive Officer
Mr Michael Melby	Non-Executive Director
Mr Nick Prosser	Non-Executive Director
Mr Steven Richards	Chief Financial Officer and Company Secretary

Remuneration Report (continued)

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

30 June 2020	Short Term: Base Salary and Consulting Fees $	Short Term: Short Term Incentive $	Post-Employment: Superannuation Contributions $	Value of Share-based Payments) [1] $	Total $	Proportion Performance Related %
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.

30 June 2019	Short Term: Base Salary and Consulting Fees $	Short Term: Short Term Incentive $	Post-Employment: Superannuation Contributions $	Value of Share-based Payments) [1] $	Total $	Proportion Performance Related %
Directors and Key Management Personnel:						
P Wall	60,000	-	-	-	60,000	
V Bosanac	270,000	-	25,650	-	295,650	
M Melby	36,000	-	-	340,000	376,000	
N Prosser	36,000	-	3,420	-	39,420	
Total	**402,000**	**-**	**29,070**	**340,000**	**771,070**	

[1] Shares issued to Mr Michael Melby were approved at the Company's 2018 Annual General Meeting. The fair value of shares is based on the market value of the shares at the date of issue.

Remuneration Report (continued)

Details of Short-Term Performance Related Remuneration

There have been no Short-Term Incentive payments made to Directors or Key Management Personnel of the Company during the financial year ended 30 June 2020.

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 Company during the financial year ended 30 June 2020.

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 Company.

Options forfeited/lapsed during the year

No options granted as compensation 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 2020.

Performance shares

Key Management Personnel have the following interests in Class A and Class B performance shares of the Company.

2020 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	Vested and exercisable at the end of the year
P Wall	-	-	-	-	-
V Bosanac	-	-	-	-	-
M Melby	-	-	-	-	-
N Prosser	-	-	-	-	-
S Richards	-	-	-	-	-

During the financial year, 30,000,000 Performance Shares (15,000,000 Class A and 15,000,000 Class B) were cancelled due to performance milestones not being met within the stipulated timeframe.

Performance Rights

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

Granted as Remuneration

No performance rights were granted as compensation during the year.

Remuneration Report (continued)

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	03.03.2020	$0.72	1) 100,000 users or $1m annualised revenue; and 2) The 10-day VWAP equal to or greater than $0.40

The following performance rights held by Mr Peter Wall were exercised during the year:

No of Rights	Grant Date	Expiry Date	Fair Value per Right [1]	Vesting Criteria (the first to occur of):
2,000,000	29.11.2017	30.11.2019	$0.72	1) 31 December 2017; and 2) The 10-day VWAP equal to or greater than $0.20
2,000,000	29.11.2017	30.11.2019	$0.72	1) 30 June 2018; and 2) The 10-day VWAP equal to or greater than $0.30
2,000,000	29.11.2017	30.11.2019	$0.72	1) 31 December 2018; and 2) The 10-day VWAP equal to or greater than $0.40

Forfeited/lapsed during the year

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

Performance Rights holdings

Performance rights held by Mr Vlado Bosanac on 30 June 2020 and at the date of this report are:

No of Rights	Grant Date	Expiry Date	Fair Value per Right [1]	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
2,000,000	03.03.2017	03.03.2022	$0.72	1) 250,000 users or $5m annualised revenue; and 2) The 10-day VWAP equal to or greater than $0.60

[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.

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

2020 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
P Wall	6,000,000	-	6,000,000	-	-	-
V Bosanac	6,000,000	-	2,000,000	-	4,000,000	4,000,000

Remuneration Report (continued)

Share holdings

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

2020 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	2,500,000	-	6, 200,000	8, 700,000
V Bosanac [1]	4,391,864	-	1,000,000	5,391,864
M Melby	1,000,000	1,000,000	-	2,000,000
N Prosser [2]	4,503,582	1,000,000	1,000,000	6,503,582
S Richards	-	-	-	-

[1] Other changes during the year includes shares issued on the exercise of performance rights to Peter Wall and Vlado Bosanac, less shares disposed of and acquired 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

The Company has a convertible loan facility with Prosser Enterprises Pty Ltd as Trustee for the Prosser Family Trust. Company director, Mr Nicholas Prosser, is a shareholder and director of Prosser Enterprises Pty Ltd. The maximum facility limit of the loan is $2m and interest accrues daily on each advance at a rate of 8% per annum. The termination date of 31 December 2019 was extended to 30 June 2020, and any advances plus accrued interest that have not yet been repaid will be convertible into shares at an issue price equal to the greater of $0.30 per share or the 14 trading day volume weighted average price of the Company's shares as traded on ASX prior to the termination date. Drawdowns against this facility of $500k and accrued and unpaid interest at 30 June 2020 of $28,436 (2019: $58,125) were converted to shares on 30 June 2020 at a price of 30 cents per share.

In January 2020, the Company received an unsecured short-term loan of $250,000 from Pheakes Pty Ltd, a company associated with director Mr Peter Wall. The loan attracted interest at a rate of 10% per annum. A further loan of $250,000 with similar terms was received in February 2020. The loan and accrued interest was repaid in full in June 2020.

Other transactions with key management personnel

During the financial year ended 30 June 2020, the Company paid $26,156 (2019: $10,676) to Steinepreis Paganin, an entity associated with Mr Peter Wall, for legal services. At 30 June 2020, a further $10,622 was owing to Steinepreis Paganin (2019: nil).

End of Remuneration 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 29th day of September 2020.

Vlado Bosanac
Executive Director and Chief Executive Officer

PKF Perth

Advisory • Audit
Business Solutions

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF MYFIZIQ LIMITED

In relation to our audit of the financial report of MyFiziq Limited for the year ended 30 June 2020, 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

PKF PERTH

SIMON FERMANIS
PARTNER

29 SEPTEMBER 2020
WEST PERTH,
WESTERN AUSTRALIA

Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2020

	Note	Year Ended 30 June 2020 $	Year Ended 30 June 2019 $
Revenue			
Recurring		**139,858**	4,645
On Demand		**32**	-
Other Income			
Other income	3	**527,293**	893,820
Interest income		**14**	91
Total revenue		**667,197**	898,556
Expenses			
Employee expenses	3	**(3,899,432)**	(3,823,885)
Consulting and advisory		**(87,924)**	(299,472)
Corporate		**(332,583)**	(296,899)
Brand development and patent costs		**(215,297)**	(263,810)
Marketing and publicity		**(1,052,672)**	(67,934)
Travel and accommodation		**(317,265)**	(233,943)
Telecommunications & IT		**(140,710)**	(120,694)
Occupancy costs		**(63,956)**	(133,882)
Financing costs		**(143,582)**	(136,603)
Realised foreign exchange losses		**(1,135)**	-
Amortisation and depreciation expense		**(245,645)**	(199,570)
Administration and other expenses		**(229,726)**	(210,668)
Total expenses		**(6,729,927)**	(5,787,360)
Loss before income tax		**(6,062,730)**	(4,888,804)
Income tax benefit	4	**666,218**	531,642
Net loss for the year		**(5,396,512)**	(4,357,162)
Other comprehensive income		**-**	-
Total comprehensive loss for the year attributable to members		**(5,396,512)**	(4,357,162)
Loss per share		**Cents**	cents
Basic and diluted loss per share	5	(5.16)	(5.16)

The notes to the financial statements form part of this Statement of Profit or Loss and Other Comprehensive Income.

Statement of Financial Position

As at 30 June 2020

	Note	30 June 2020 $	30 June 2019 $
Current assets			
Cash and cash equivalents	7	**627,304**	573,977
Trade and other receivables	8	**294,122**	25,427
Prepayments	9	**294,568**	-
Inventories	10	**4,734**	4,761
Total current assets		**1,220,728**	604,165
Non-current assets			
Other financial assets	11	**37,500**	37,500
Right-of-use asset	12	**175,992**	-
Property, plant and equipment	13	**78,295**	56,083
Loans to related entities	25	**68,500**	482,201
Development asset at cost	14	**1,373,492**	1,451,148
Total non-current assets		**1,733,779**	2,026,932
Total assets		**2,954,507**	2,631,097
Current liabilities			
Trade and other payables	15	**785,939**	345,996
Employee leave liabilities	16	**312,463**	239,346
Interest bearing borrowings	17	**865,000**	1,496,959
Lease liabilities	18	**68,144**	-
Total current liabilities		**2,031,546**	2,082,301
Non-current liabilities			
Interest bearing borrowings	17	**322,331**	-
Lease liabilities	18	**138,124**	-
Total non-current liabilities		**460,455**	-
Total liabilities		**2,492,001**	2,082,301
Net Assets		**462,506**	548,796
Equity			
Issued capital	19	**24,355,213**	13,782,565
Reserves		**4,576,829**	9,929,789
Accumulated losses		**(28,469,536)**	(23,163,558)
Total Equity		**462,506**	548,796

The notes to the financial statements form part of this Statement of Financial Position.

Statement of Changes in Equity

For the financial year ended 30 June 2020

	Issued capital $	Accumulated losses $	Equity compensation reserve $	Convertible note reserve $	Total $
At 1 July 2018	7,212,356	(18,806,396)	12,262,363	27,633	695,956
Net loss for the year	-	(4,357,162)	-	-	(4,357,162)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	(4,357,162)	-	-	(4,357,162)
Capital raising	3,200,000	-	-	-	3,200,000
Costs of capital raising	(231,541)	-	-	-	(231,541)
Exercise of Performance Rights	3,261,750	-	(3,261,750)	-	-
Share-based payments					
Suppliers	-	-	34,741	-	34,741
Directors	340,000	-	-	-	340,000
Employees	-	-	866,802	-	866,802
At 30 June 2019	13,782,565	(23,163,558)	9,902,156	27,633	548,796

	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)**
Performance Rights and Options 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**

The notes to the financial statements form part of this Statement of Changes in Equity.

MY FIZIQ

Statement of Cash Flows
As at 30 June 2020

	Note	**Year Ended 30 June 2020 $**	Year Ended 30 June 2019 $
Cash flows from operating activities			
Receipts from customers		**153,291**	579,876
Other income		**663,624**	51,553
Research & Development tax incentive and EDMG grant		**666,218**	598,699
Interest received		**14**	-
Interest and other costs of finance paid		**(53,472)**	(20,559)
Payments to suppliers and employees		**(4,126,939)**	(4,468,370)
Net cash flows used in operating activities	7	**(2,697,264)**	(3,258,801)
Cash flows from investing activities			
Payments for property, plant and equipment		**(62,372)**	(43,565)
Payments for application development costs		**(103,810)**	(48,633)
Loans to related party		**81,500**	(150,000)
Payments for investments		**-**	-
Net cash flows used in investing activities		**(84,682)**	(242,198)
Cash flows from financing activities			
Proceeds from borrowings		**1,612,331**	1,350,000
Repayment of borrowings		**(698,000)**	(450,000)
Repayment of lease liabilities	18	**(4,923)**	-
Proceeds from the issue of shares		**2,050,000**	3,200,000
Payments for share issue costs		**(123,000)**	(196,800)
Net cash flows from financing activities		**2,836,408**	3,903,200
Net decrease in cash assets		**54,462**	402,201
Cash at the beginning of the financial year		**573,977**	171,776
Cash at the end of the financial year	**7**	**628,439**	573,977
Unrealised foreign currency losses		(1,135)	-
Cash at the bank as per the balance sheet		**627,304**	573,977

The notes to the financial statements form part of this Statement of Cash Flows.

Note 1 Summary of Significant Accounting Policies

(a) Basis of preparation of financial report

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001 and comply with other requirements of the law.

The Company is a for profit entity. A wholly owned subsidiary, MyFiziq Inc. was incorporated in January 2018 in the United States of America in preparation for the commercialisation of the technology in the USA. The subsidiary was inactive during the period, and as a result, consolidated financial statements have not been prepared.

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

The 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. The financial report of the Company was authorised for issue in accordance with a resolution of Directors on 23rd September 2020.

(i) *Going Concern*

These 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 2020, the Company incurred an operating loss of $5,396,512. Notwithstanding the fact that the Company incurred an operating loss and a net cash outflow from operating activities amounting to $2,697,265, the Directors are of the opinion that the Company is a going concern for the following reasons:

- MyFiziq is transitioning to “growth” phase and commercialising operations, courtesy of the twelve binding term sheets that it has executed with partners across its five business verticals, Each partner is expected to launch the MyFiziq technology (which becomes embedded in the partner’s app) and this is anticipated to generate significant revenue and bring the Company to breakeven point within the next 6 to 12 months.
- Following the execution of a formal funding agreement for USD$1.5 million with Asia cornerstone Asset Management (ACAM) on 1 June 2020, the Company had accumulated over $1.8 million in cash facilities by the end of June 2020 and had cash at bank of $627,127. Under the terms of the agreement, USD$1,125,000 had been received by 21 August 2020 and a further USD375,000 is expected to be paid by the end of October 2020.
- Additionally, at the reporting date the Company was already in an advanced stage of raising a further USD$1.5 million (over and above the USD$1.5 million secured with ACAM) as part of its expansion into the US and listing on the NASDAQ Capital Market.
- COVID-19 has not had any material adverse financial effects on the Company, as announced on the ASX platform on 30 March 2020 and 29 June 2020. Furthermore, as announced to the ASX platform on 30 June 2020, the Company had made significant progress over the period 1 March 2020 to 30 June 2020 (“COVID period”) and had experienced an increase in demand for its technology, driven by global health concerns. In addition, the Company has managed to strengthen its balance sheet over the COVID period as follows:
  (i) By securing the ACAM funding of USD1,500,000 of which USD1,125,000 had already been received by 6 August 2020.
  (ii) By reducing convertible note debt in the amount of $1,387,078 by way of share conversion. By reducing cash burn (operating overheads) by 49% over the COVID-19 period, and with the ability to defer a minimum of $3.34 million in planned spending if required to do so.
  (iii) By receiving over $1,063,624 in collectables from its JV partner, Body Composition Technologies Pty Ltd, from 1 April 2020 to 6 August 2020, for work carried out on partner builds and integrations, as well as license fees owing.
- The Company’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.

Note 1 Summary of Significant Accounting Policies (continued)

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

(i) Going Concern (continued)

- The Company successfully executed a $600,000 research and development ("R & D") advance with R&D Capital Partners Pty Ltd for an R & D tax incentive payment that is expected to be received in relation to the 2020 financial year (2019: $666,218).

(ii) 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 financial statements are presented below.

(iii) New Accounting Standards adopted in the current year

Application of New and Revised Accounting Standards

The Company has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Company for the reporting year ended 30 June 2020.

The following Accounting Standards and interpretations are most relevant to the Company:

AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases. The new standard removes the former distinction between 'operating and 'finance' leases and requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals) on the Statement of Financial Position. The exceptions are short-term leases and leases of low value assets.

The Company leases its office premises which, prior to the application of AASB 16, was treated as an operating lease and payments made were charged to profit or loss on a straight-line basis over the period of the lease. For the first half of the reporting period, the office lease was renewed on a monthly basis and as such, the Company has applied the optional exemptions to not capitalise this lease and instead account for the lease expense on a straight-line basis over the lease term. An amount of $45,390 has been expensed in relation to the short-term lease for the 6 months ending 31 December 2019.

On 1 January 2020, the Company entered a 3-year lease for office premises which is accounted for under AASB 16. The Company has recognised a right-of-use asset and a corresponding liability at the commencement date. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period to produce a consistent period rate of interest on the remaining balance of the liability for each period. Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments is separately disclosed in financing activities.

New accounting policies adopted for the first time during this reporting period in relation to operating leases are disclosed in notes 1(l) and 1(o). Further information on the Right of use Asset and the Lease liability can be found in notes 11 and 18 respectively.

New Accounting Standards and Interpretations Not Yet Mandatory or Early Adopted

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application date for future reporting periods.

There are no material new or amended Accounting Standards which will materially affect the Company.

Note 1 Summary of Significant Accounting Policies (continued)

(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.

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.

Note 1 Summary of Significant Accounting Policies (continued)

(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.

(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).

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:

Development asset at cost	10 years

(g) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable and is recognised when performance obligations under customer contracts are satisfied.

1. Revenue from customers

The Company's primary revenue stream is software development kits provided to customers by way of a license agreement (for the use MyFiziq's intellectual property) and charged to our customer's end-users on a per user or per body scan basis.

The Company also has secondary revenue streams including:

- Integration fees
- Licence fees
- Other application development and support fees

i) Identification of distinct elements and separate performance obligations

<u>Primary revenue streams</u>

Revenue is generated from the usage by end-users of MyFiziq's software development kits, which have been integrated into a customer's platform. Most contracts will be structured on a monthly recurring basis and have a minimum term of 1 year.

- **Per user -** Revenue is charged per subscribed user, where per user price reduces based on the volume of users.
- **Per body scan -** The customer is charged when an image is captured by an end-user.

<u>Secondary revenue streams</u>

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

Note 1 Summary of Significant Accounting Policies (continued)

(g) Revenue and other income (continued)

ii. Revenue recognition under AASB 15

Revenue Stream	Performance Obligation	Timing of Recognition
Software development kits - per user	Integration of the MyFiziq software development kits into the customer's platform, a performance obligation is triggered when an end-user subscribes (to the customer's platform)	Over the life of the agreement between our customer and the end-user, as the end-user simultaneously receives and consumes the benefits of accessing the software
Software development kits - per body scan	Integration of the MyFiziq software development kits into the customer's platform, a performance obligation is triggered each time an image is captured by the end-user	Recognised over time, but because time delivered is minimal, point in time recognition has been applied
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 over time, but because time delivered is minimal, point in time recognition has been applied

2. 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.

3. Interest received

Interest income is recognised when it is probable that the economic benefits will flow to the Company 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.

(i) Trade and other receivables

Trade receivables, which generally have 30–90-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.

Note 1 Summary of Significant Accounting Policies (continued)

(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 Group 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.

(n) 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.

Note 1 Summary of Significant Accounting Policies (continued)

(o) 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.

(p) 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.

(q) 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.

Note 1 Summary of Significant Accounting Policies (continued)

(q) Share-based Payments (continued)

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.

(r) 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 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.

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, 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 the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted, as well as estimates made by management.

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.

Note 2 Segment Information

Currently, the Company's sole activity is mobile application and technology development wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment being technological development.

Note 3 Revenue and Expenses

	2020 $	2019 $
Loss for the period includes the following specific income and expenses:		
Income:		
Dr Katherine consultancy income	**19,105**	31,595
Grant income	**80,000**	67,057
Proof of concept income	**-**	50,000
Joint venture income	**420,839**	743,614
Other income	**7,349**	1,554
	527,293	893,820
Supplier share-based payment [1,2]	**953,419**	34,741
Employee expenses:		
Salaries and wages	**2,489,955**	2,116,740
Defined contribution superannuation	**236,502**	200,754
Share-based payments expense [2]	**1,120,357**	1,206,802
Employment taxes and insurances	**99,294**	177,934
Other employment expenses	**97,324**	121,655
Government assistance	**(144,000)**	-
	3,899,432	3,823,885

[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.

Note 4 Income Tax

	2020 $	2019 $
a) Income tax expense		
Current income tax:		
Current income tax charge (benefit)	**(527,876)**	(317,074)
Current income tax not recognised	**527,876**	317,074
Research and development tax concession	**(666,218)**	(531,642)
Deferred income tax:		
Relating to origination and reversal of timing differences	**1,889,890**	1,929,986
Deferred income tax benefit not recognised	**(1,889,890)**	(1,929,986)
Income tax benefit reported in the Statement of profit or loss and other comprehensive income	**(666,218)**	(531,642)
b) Reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(6,062,730)**	(4,888,804)
Tax at the Australian rate of 25% (2019: 27.5%)	**(1,515,682)**	(1,344,421)
Capital raising costs claimed	**(43,509)**	(52,166)
Non-deductible expenses	**118,321**	109,372
Impact of reduction of future corporate tax rate	**(151,569)**	-
Research and development tax concession	**(666,218)**	(531,642)
Unused tax losses and temporary differences not recognised as deferred tax assets	**1,592,439**	1,287,214
Tax benefit	**(666,218)**	(531,642)
c) Deferred tax – Statement of Financial Position (unrecognised)		
Liabilities		
Accrued income	**(21,450)**	-
Prepaid expenses	**(81,006)**	-
	(102,456)	-
Assets		
Revenue losses available to offset against future taxable income	**1,805,745**	1,812,962
Accrued expenses and leave provisions	**121,337**	79,980
Deductible equity raising costs	**65,264**	37,044
	1,992,346	1,929,986
Net deferred tax asset	**1,889,890**	1,929,986

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 deferred tax benefit of tax losses not brought to account 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 tax legislation; 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.

	2020	2019
	$	$

Note 5 Loss per Share

a) Basic loss per share		
Loss attributable to ordinary equity holders of the Company (cents)	**(5.16)**	(5.16)
b) Diluted loss per share		
Loss attributable to ordinary equity holders of the Company (cents)	**(5.16)**	(5.16)
c) Loss used in calculation of basic and diluted loss per share		
Loss after tax from continuing operations	**(5,396,512)**	(4,357,162)
d) Weighted average number of shares used as the denominator		
	No.	No.
Weighted average number of shares used as the denominator in calculating basic and dilutive loss per share	**104,619,383**	84,454,765

Note 6 Dividends

No dividends were paid or proposed during the financial years ended 30 June 2020 and 30 June 2019.

The Company has no franking credits available as at 30 June 2020 and 2019.

Note 7 Cash and Cash Equivalents

Cash at bank[1]	**627,304**	573,977

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

	2020	2019
	$	$

Note 7 Cash and Cash Equivalents (continued)

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:

	2020	2019
Cash and cash equivalents	**627,304**	573,977

Non-cash financing and investing activities:

There were no non-cash financing or investing activities during the years ended 30 June 2020 and 30 June 2019.

Cash balances not available for use:

There are no amounts included in cash and cash equivalents not available for use as at 30 June 2020 (30 June 2019: Nil).

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

	2020	2019
Loss from ordinary activities after income tax	**(5,396,512)**	(4,357,162)
Adjustments for non-cash items:		
Depreciation and amortisation	**245,645**	199,570
Share-based payments expense	**2,073,776**	1,206,802
Finance costs	**90,110**	116,043
Unrealised foreign currency losses	**1,135**	-
Movement in assets and liabilities:		
Decrease/(increase) in prepaid expenses	**(294,568)**	61,966
Decrease in inventories	**27**	27
Decrease/(increase) in trade and other receivables	**(268,695)**	108,524
(Decrease)/increase in loans to other entities	**332,201**	(332,201)
(Decrease)/increase in employee liabilities/provisions	**73,117**	(222,706)
(Decrease)/increase in trade and other payables	**446,500**	(39,664)
Net cash flow used in operating activities	**(2,697,264)**	(3,258,801)

	2020 $	2019 $
Note 8 Trade and Other Receivables		
Current assets		
Trade receivables	**209,979**	5,109
Accrued income	**78,000**	-
GST receivable	**6,143**	20,318
	294,122	25,427

Note 9 Prepayments

Current assets

	2020 $	2019 $
Prepaid IPO costs	**190,397**	-
Prepaid insurance	**91,438**	-
Other prepayments	**12,733**	-
	294,568	-

Note 10 Inventories

Current assets

	2020 $	2019 $
Finished goods - at cost	**4,734**	4,761

Note 11 Other Financial Assets

Non-current assets

Security Bonds and Deposits:

	2020 $	2019 $
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

	2020 $	2019 $
Balance at the start of the financial year	**-**	-
Additions - new operating leases	**211,191**	
Amortisation expense	**(35,199)**	-
Balance at the end of the financial year	**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.

	2020 $	2019 $

Note 13 Property, Plant and Equipment

<u>Carrying values</u>		
Office Equipment:		
Cost	**123,963**	114,096
Depreciation	**(89,144)**	(61,648)
	34,819	52,448
Fixtures and fittings:		
Cost	**13,524**	13,524
Depreciation	**(12,594)**	(9,889)
	930	3,635
Leasehold improvements		
Cost	**51,055**	-
Depreciation	**(8,509)**	-
	42,546	-
	78,295	56,083
<u>Reconciliation of movements</u>		
Office Equipment:		
Opening net book value	**52,448**	33,594
Additions	**9,867**	43,983
Depreciation	**(27,496)**	(25,129)
Closing net book value	**34,819**	52,448
Fixtures and fittings:		
Opening net book value	**3,635**	6,340
Additions	**-**	-
Depreciation	**(2,705)**	(2,705)
Closing net book value	**930**	3,635
Leasehold improvements		
Opening net book value	**-**	-
Additions	**51,055**	-
Depreciation	**(8,509)**	-
Closing net book value	**42,546**	-
	78,295	56,083

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

	2020	2019
	$	$

Note 14 Development Asset

Balance at the start of the financial year	**1,451,248**	1,560,388
Application development costs incurred during the year	**93,980**	62,496
Amortisation	**(171,736)**	(171,736)
Balance at the end of the financial year	**1,373,492**	1,451,148

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	**343,603**	101,057
Accrued expenses	**128,763**	51,491
Employment related payables	**313,573**	193,448
	785,939	345,996

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	**312,463**	239,346

	2020	2019
	$	$

Note 17 Interest bearing borrowings

	2020 $	2019 $
Current		
Convertible notes-Prosser Facility [1]	**-**	539,042
Convertible notes-2018 Facility [2]	**75,000**	957,917
Total convertible notes [3]	**75,000**	1,496,959
R&D tax prepayment loan [4]	**600,000**	-
Other loans [5]	**190,000**	-
	865,000	1,496,959
Non-current		
Convertible notes-ACAM [6]	**322,331**	-

[1] Convertible Note agreement with Prosser Enterprises Pty Ltd as Trustee for the Prosser Family Trust. Company director Mr Nicholas Prosser is a director and shareholder of Prosser Enterprises Pty Ltd.The maximum facility limit is $2 million and attracts interest at 8% per annum. Drawdowns against this facility of $500,000 and accrued and unpaid interest at 30 June 2020 of $28,436 (2019: $58,125) were converted to shares on 30 June 2020 at a price of 30 cents per share.

[2] 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. If the investors don't elect to redeem the outstanding principal amount in cash, the outstanding principal amount of the notes will be converted into shares at an issue price equal to the greater of $0.30 per share or a 30% discount to the volume weighted average price of the Company's shares as traded on ASX for the period of 14 trading days up to and including the trading day prior to the conversion. 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.

[3] The carrying value of the convertible note as at 30 June 2020, based on a discount rate of 12%, is calculated as follows:

	2020	2019
	$	$
Balance at the start of the financial year	**1,496,959**	480,915
Proceeds from drawdown	**-**	900,000
Amount classified as equity	**27,633**	-
Interest accrued	**85,487**	116,044
Principal and Interest repayments	**(198,000)**	-
Converted to equity at $0.30 per share	**(1,337,079)**	-
Balance at the end of the financial year	**75,000**	1,496,959

	2020 $	2019 $

Note 17 Interest bearing borrowings (continued)

[4] 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 is due to be repaid on the earlier of the date the Company receives it 2020 tax refund from the Australian Taxation Office or 31 October 2020. The loan is secured by a lien on the Company's 2020 R&D tax refund.

[5] Other loans are unsecured and interest bearing. These loans were repaid in full subsequent to the end of the financial year.

[6] 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 will be received in 4 tranches, with the first tranche of US$225,000 being received in the financial year. 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. In the event that the Company is not successful in attaining a listing on the NASDAQ on or prior to 30 June 2021, the Company will have an additional 6 months to repay the convertible note.

Note 18 Lease liabilities

	2020 $	2019 $
Current liability	**68,144**	-
Non-current liability	**138,124**	-
Balance at the end of the financial year	**206,268**	-

Reconciliation of lease liabilities

	2020 $	2019 $
Balance at the beginning of the financial year	**-**	-
Lease liability recognised - new operating lease [1]	**211,191**	
Repayment of lease liability	**(4,923)**	-
Balance at the end of the financial year	**206,268**	-

[1] The Company entered into a 3-year lease agreement for office premises in Perth, Australia. During the year, 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, recent 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, $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 exposed capital requirements.

	2020 No.	2019 No.	**2020 $**	2019 $
b) Share capital				
Issued capital-ordinary shares	**114,392,923**	91,621,888	**24,355,213**	13,782,265
Issued capital-performance shares	**-**	30,000,000	**-**	300
Issued share capital	**114,392,923**	121,621,888	**24,355,213**	13,782,565
c) Share movements during the year – ordinary shares				
At the start of the financial year	**91,621,888**	79,038,555	**13,782,265**	7,212,056
Shares issued on exercise of Performance Rights	**9,550,000**	6,250,000	**6,055,875**	3,261,750
Shares issued on exercise of Options	**730,769**	-	**206,494**	-
Shares issued to related party	**2,000,000**	1,000,000	**540,000**	340,000
Share based payments	**2,700,000**	-	**556,500**	-
Share issues - capital raising	**3,333,334**	5,333,333	**2,000,000**	3,200,000
Shares issues – conversion of convertible notes	**4,456,932**	-	**1,337,079**	-
Less share issue costs	**-**	-	**(123,000)**	(231,541)
	114,392,923	91,621,888	**24,355,213**	13,782,265
d) Share movements during the year – performance shares				
At the start of the financial year	**30,000,000**	30,000,000	**300**	300
Less expired shares [1]	**(30,000,000)**	-	**(300)**	-
	-	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.

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 reporting period the following options were issued:

Date granted	Number of options granted	Exercise price (cents)	Vesting Date	Expiry date	Fair value $
27 Nov 2019	1,000,000	25	4 Dec 2019	4 Dec 2022	118,889
27 Nov 2019	1,500,000	45	4 Jun 2020	4 Dec 2022	148,503
27 Nov 2019	2,500,000	60	4 Dec 2020	4 Dec 2022	222,047
24 Feb 2020	400,000	50	31 Jan 2021	31 Jan 2022	19,786
Total	**5,400,000**				

During the reporting period the following options were cancelled:

Date granted	Number of options	Exercise price (cents)	Vesting date	Expiry date
14 Dec 2018	150,000	50	31 Dec 2019	31 Dec 2022
14 Dec 2018	150,000	50	31 Dec 2020	31 Dec 2023
Total	**300,000**			

During the reporting period the following options vested, but were not exercised:

Date granted	Number of options Vested	Exercise price (cents)	Vesting date	Expiry date
21 Dec 2016	500,000	10	26 Oct 2019	31 Dec 2021
3 Sep 2018	400,000	50	31 Dec 2019	31 Dec 2022
14 Dec 2018	250,000	50	31 Dec 2019	31 Dec 2022
1 Feb 2019	400,000	65	31 Dec 2019	31 Dec 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
Total	**4,050,000**			

During the reporting period the following options were exercised:

Date granted	Number of options exercised	Exercise price (cents)	Vesting date	Expiry date
21 Dec 2016 [1]	1,000,000	20	30 Sept 2017	30 Sept 2020
6 Apr 2018	500,000	10	6 Apr 2018	31 Dec 2020
Total	**1,500,000**			

[1] During the reporting period 1,000,000 options exercisable at 20 cents each and expiring 30 September 2020, were exercised utilising the cashless exercise provisions of the Option Incentive Scheme. This resulted in the issue of 230,769 ordinary shares.

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 2020 is 11,450,000 as follows:

Date granted	Number of options granted	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	26 Oct 2018	31 Dec 2020
21 Dec 2016	1,250,000	10	31 Dec 2018	31 Dec 2021
21 Dec 2016	500,000	10	26 Oct 2019	30 Dec 2021
31 Jul 2018	400,000	50	31 Dec 2019	31 Dec 2022
31 Jul 2018	400,000	50	31 Dec 2020	31 Dec 2023
7 Dec 2018	100,000	50	31 Dec 2019	31 Dec 2022
7 Dec 2018	100,000	50	31 Dec 2020	31 Dec 2023
1 Feb 2019	400,000	65	31 Dec 2019	31 Dec 2022
1 Feb 2019	400,000	65	31 Dec 2020	31 Dec 2023
12 Feb 2019	250,000	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	2,500,000	60	4 Dec 2020	4 Dec 2022
24 Feb 2020	400,000	50	31 Jan 2021	31 Jan 2022
Total	**11,450,000**			

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

	2020 No.	**2020 WAEP**	2019 No	2019 WAEP
Outstanding at 1 July	**7,850,000**	**$0.251**	10,000,000	$0.258
Granted during the year	**5,400,000**	**$0.486**	6,350,000	$0.523
Exercised during the year	**(1,500,000)**	**$0.167**	-	-
Forfeited/cancelled during the year	**(300,000)**	**$0.500**	(8,500,000)	$0.462
Outstanding at 30 June	**11,450,000**	**$0.366**	7,850,000	$0.251
Exercisable at 30 June	**7,650,000**	**$0.173**	5,250,000	$0.143

The range of exercise prices for options outstanding at the end of the year was $0.10 to $0.65 (2019: $0.10 to $0.65).

The weighted average contractual life for unexercised options is 23.4 months (2019: 13.1 months).

c) Subsequent to balance date

On 11 August 2020, 100,000 options with an exercise price of $0.50, vesting date of 31 January 2021 and an expiry date of 31 January 2022 were cancelled.

Note 20 Share-based Payments (continued)

d) Basis and assumptions used in the valuation of options

5,400,000 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 $544,113 (2019: $194,372) 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 (cents)	Expiry date	Risk free interest rate used	Volatility applied	Value per Option (cents)
27 Nov 2019	1,000,000	25	31 Dec 2022	0.77%	106%	11.89
27 Nov 2019	1,500,000	45	31 Dec 2022	0.77%	106%	9.90
27 Nov 2019	2,500,000	60	31 Dec 2022	0.77%	106%	8.88
24 Feb 2020	400,000	50	31 Jan 2022	0.65%	100%	4.95

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.

e) Purpose of Equity Compensation Reserve

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

Note 20 Share-based Payments (continued)

(ii) Performance Rights

The Company adopted an Incentive Performance Rights Plan Following Shareholder approval in February 2017.

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 Sep 2019	50,000	31 Dec 2020	$0.157	Subject to performance criteria
6 Sep 2019	5,000,000	4 Dec 2023	$0.265	Subject to performance criteria
6 Sep 2019	1,250,000	28 Feb 2021	$0.182	Subject to performance criteria
Total	**6,300,000**			

During the reporting period the following performance rights vested:

Grant Date	No of Rights	Expiry Date	Fair Value per Right at Grant Date	Vesting
3 Sep 2018	1,000,000	30 Nov 2020	$0.185	30 Nov 2019
6 Sep 2019 [1]	50,000	31 Dec 2020	$0.157	6 Sep 2019
Total	**1,050,000**			

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
29 Nov 2017	6,000,000	30 Nov 2019	$0.720	Subject to various performance criteria
3 Sep 2018	1,000,000	31 Dec 2019	$0.185	Subject to various performance criteria
15 Nov 2017	500,000	31 Dec 2020	$0.205	Subject to various performance criteria
6 Sep 2019 [1]	50,000	31 Dec 2020	$0.157	6 Sep 2019
3 Mar 2017	2,000,000	3 Mar 2020	$0.720	Subject to various performance criteria
Total	**9,550,000**			

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

Note 20 Share-based Payments (continued)

b) Performance rights on issue at balance date

The number of performance rights outstanding over unissued ordinary shares at 30 June 2020 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 2021	$0.720 [1]	Vested
03 Mar 2017	2,000,000	03 Mar 2022	$0.720 [1]	Vested
15 Nov 2017	500,000	31 Dec 2020	$0.205	Vested
3 Sep 2018	3,000,000	3 Sep 2021	$0.185	Vested
3 Sep 2018	1,000,000	30 Nov 2020	$0.185	Vested
3 Sep 2018	1,000,000	30 Nov 2020	$0.185	Vested
6 Sep 2019	5,000,000	04 Dec 2023	$0.00	Subject to performance criteria
6 Sep 2019	1,250,000	28 Feb 2021	$0.182	Subject to performance criteria
Total	**15,750,000**			

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 were valued at the Company's share price on the date of grant.

Note 21 Financial Instruments

The Company has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Company'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 Company 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 Company'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 Company currently has no significant concentrations of credit risk.

The Directors do not consider that the Company'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 Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's reputation.

The Company 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 Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.

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
	%	$	$	$	$	$	$	$
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**	**-**
2019								
Trade and other payables	-	345,996	345,996	345,996	-	-	-	-
Convertible notes	8%	1,496,959	-	1,496,959	-	-		
		1,842,995	-	1,842,995	-	-	-	-

(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 Company'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 Company has cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Company 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 Company 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 Company is exposed to foreign exchange risk through transactions in relation to the NASDAQ listing.

The Company does not have any direct exposure to equity risk.

Note 21 Financial Instruments

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

	Carrying value ($) 30 June 2020 $	30 June 2019 $
Fixed rate instruments		
Financial assets	**68,500**	482,201
Variable rate instruments		
Financial assets	**627,304**	573,977

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 1% increase	1% decrease	Equity 1% increase	1% decrease
2020				
Variable rate instruments	**6,273**	**(6,273)**	**6,273**	**(6,273)**
2019				
Variable rate instruments	5,740	(5,740)	5,740	(5,740)

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:

	2020 Carrying amount $	Fair value $	2019 Carrying amount $	Fair value $
Cash and cash equivalents	**627,804**	**627,804**	573,977	573,977
Trade and other receivables	**294,122**	**294,122**	25,427	25,427
Loan to related party	**68,500**	**68,500**	482,201	482,201
Trade and other payables	**(785,939)**	**(785,939)**	(345,996)	(345,996)
Interest bearing borrowings	**(1,187,331)**	**(1,187,331)**	(1,496,759)	(1,496,759)
Lease liabilities	**(206,268)**	**(206,268)**	-	-
Net financial (liabilities) / assets	**(1,189,112)**	**(1,189,112)**	(761,150)	(761,150)

e) *Impairment losses*

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

No impairment expense or reversal of impairment charge has occurred during the reporting period.

Note 22 Commitments

a) *Operating lease commitments:*

The Company's lease for its principal place of business at Unit 5, 71-73 South Perth Esplanade in Western Australia (**Lease**) expired on 30.6.2019. The office premises were leased on a month by month basis until a new lease was entered into on 1 January 2020. The new lease is accounted for under new accounting standard AASB 16 Leases. Refer to notes 11 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) *Finance lease commitments:*

The Company has no finance lease commitments contracted for as at 30 June 2020 (30 June 2019: Nil).

c) *Capital commitments*

The Company has no capital commitments contracted for as at 30 June 2020 (30 June 2019: Nil):

d) *Other commitments*

The Company has entered into an agreement with Lucosky Brookman for the provision of US$200,000 legal services in relation to the listing of the Company on the NASDAQ Capital Market.

Note 23 Contingencies

a) *Contingent liabilities*

There are no material contingent liabilities at the reporting date.

b) *Contingent assets*

There are no material contingent assets at the reporting date.

Note 24 Key Management Personnel

(a) Directors and key management personnel

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

Mr Peter Wall	Non-Executive Chairman
Mr Vlado Bosanac	Executive Director and CEO
Mr Mike Melby	Non-Executive Director (appointed 27 October 2017)
Mr Nick Prosser	Non-Executive Director (appointed 18 April 2018)
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.

Note 24 Key Management Personnel (continued)

(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 2020 $	Year ended 30 June 2019 $
Total short-term employment benefits	**538,364**	402,000
Total share-based payments	**540,000**	340,000
Total post-employment benefits	**42,025**	29,070
	1,120,389	771,070

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 MyFiziq Limited.

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

The Company has a 50% interest in Body Composition Technologies Pte. Limited (BCT), a company incorporated in Singapore for the purpose of developing the MyFiziq platform for commercialisation within the medical or insurance sector. See Note 26.

During 2020, 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 $420,839 (2019: $743,614

During the previous financial year, the Company entered into a loan agreement with BCT Australia. The loan is interest free and payable by 30 June 2021; or within 30 days of BCT receiving cash from capital raise activities currently under way, whichever occurs sooner. At 30 June 2020, the balance of the loan was $68,500.

Note 25 Related Party Disclosures (continued)

d) Transactions with Directors

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

Other transactions with key management personnel

During the financial year ended 30 June 2020, the Company paid $26,156 (2019: $10,676) to Steinepreis Paganin, an entity associated with Mr Peter Wall, for legal services. At 30 June 2020, a further $10,622 was owing to Steinepreis Paganin (2019: nil).

The Company entered into a $2,000,000 Convertible Loan facility with a company related to director Mr Nicholas Prosser. A drawdown of, $500,000 had been made against this facility, with total unpaid interest owing of $28,436. The balance of principal and interest owing was converted to shares in June 2020 at an issue price of $0.30 per share. Refer to Note 17.

In January 2020, the Company received an unsecured short-term loan of $250,000 from Pheakes Pty Ltd, a company associated with director Mr Peter Wall. The loan attracted interest at a rate of 10% per annum. A further loan of $250,000 with similar terms was received in February 2020. The loan and accrued interest was repaid in full in June 2020.

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 2020.

Note 26 Interest in a Joint Venture

The Company has a 50% interest in Body Composition Technologies Pte Limited (BCT). 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.

The Company was issued 680 shares in BCT at a value of A$1.00 per share.

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 2020 $	30 June 2019 $
Current assets	**25,330**	40,726
Non-current assets	**40,276**	99,797
Current liabilities	**(892,168)**	(117,446)
Non-current liabilities	**(350,000)**	(482,201)
Equity	**(1,176,562)**	(459,124)
Company's carrying amount of the investment	**-**	-
Revenue	**290,815**	-
Expenses	**(1,442,712)**	(1,680,898)
Loss for the year	**(1,151,897)**	(1,680,898)
Company's share of the loss (i)	**(575,949)**	(840,449)
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 Events Subsequent to the Reporting Date

On 9 July 2020, the Company received its third payment under the convertible note subscription deed concluded with Asia Cornerstone Asset Management on 1 June 2020, in the amount of USD$450,000, as well as $382,139 from its joint venture partner, Body Composition Technologies Pty Ltd.

On 13 July 2020, Dato Low Koon Poh ("Ken Low") was appointed as a non-executive director of the Company. More information on Ken Low can be found in the "Directors' section of this report.

On 20 July 2020, the Company announced that it would participate in the Body Composition Technologies Pte Ltd (BCT) capital raising in the amount of approximately $671,000. The participation will increase MyFiziq's shareholding in BCT, upon conversion, to a majority stake of 54.5% in BCT (on a fully diluted basis).

On 22 July 2020, the Company received $250,000 in payments from Body Composition Technologies Pte Ltd for work carried out on partner builds and integrations as well as a license fee instalment of $200,000. Furthermore, MyFiziq concluded its uptake of the $670,833 of convertible notes (refer above).

Following the execution of a formal funding agreement for USD$1.5 million with Asia cornerstone Asset Management (ACAM), USD$1,125,000 had been received by 21 August 2020 and a further USD375,000 is expected to be paid by the end of October 2020.

Note 27 Events Subsequent to the Reporting Date (continued)

On 24 August 2020, the MyFiziq-Bearn Application went live on Google Play and Apple App Stores and will be rolled out to potentially 25 million pre-registered users in a staged approach.

On 23 September 2020, the Company's joint venture partner, Body Composition Technologies Pte Ltd completed its A$2,000,000 funding round. As part of the funding round, a formal subscription agreement for A$985,833 was executed with i-Concept Global Growth Fund ("i-CGGF").

The impact of the Coronavirus ('COVID-19') pandemic is ongoing for the entity up to 30 June 2020, 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.

Note 28 Auditor's Remuneration

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

	2020 **$**	2019 $
Audit and review of the Company's financial statements	**50,200**	39,263
Taxation services	**2,900**	6,387
Total	**53,100**	45,650

Directors' Declaration

In the opinion of the directors of MyFiziq 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 Company's financial position as at 30 June 2020 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 Company 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 2020.

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

DATED at Perth this 29th day of September 2020.

Vlado Bosanac
Executive Director and Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MYFIZIQ LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of MyFiziq Limited (the company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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.

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

i) Giving a true and fair view of the company's financial position as at 30 June 2020 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 1(a) in the financial report, which indicates that the company incurred a loss of $5,396,512 (2019: loss $4,357,162) during the year ended 30 June 2020. 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 company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the company 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 company not continue as a going concern.

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

Independence

We are independent of the company 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 Matters

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. These matters were 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 these matters.

Carrying Value of Intangible Asset

Why significant	How our audit addressed the key audit matter
As at 30 June 2020 the company has a capitalised intangible asset totalling $1,373,492 detailed in the statement of financial position and as disclosed in note 14. This represents 46.5% of the total assets of the company. The intangible asset relates to costs capitalised to develop software technology that can be embedded within a mobile phone application to create an avatar of individuals. The company's accounting policy in respect of intangible assets is outlined in Note 1(f). Estimates and judgments in relation to intangible assets is detailed at Note 1(r). The asset is considered to have a finite life and is amortised over an estimated useful life of 10 years. Impairment testing is performed at each reporting period.	Our work included the following procedures: • Obtaining management representation in relation to the judgments and estimates used in management's value-in-use mode used to test for impairment at reporting date. • Gaining an understanding of activities and progress to date including reviewing contractual arrangements entered into. • Considered management's future plans and intentions in the context of the value-in-use model. • Considered the adequacy of the financial report disclosures concerning the judgemental nature of the company's assessment of impairment of this intangible asset.

Valuation of Share Based Payments

Why significant	How our audit addressed the key audit matter
During the year the company issued 5,400,000 share options as disclosed in Note 20. The valuation of share based payments requires judgement in determining the assumptions and inputs used in the valuation model. These assumptions and inputs are further described in Note 1 (q) and Note 20 to the financial report.	Our work included, but was not limited to: • Reviewing the key inputs used to calculate the value of share based payments including expected volatility, risk free interest rate, strike price, share price at grant date and expiry date of the right or option; • Performing recalculations of the valuation based on inputs. We also assessed the appropriateness of the Note disclosures Note 1 (q) and Note 20.

.

Other Information

Other information is financial and non-financial information in the annual report of the company 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 MyFiziq 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 company'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 company 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 and 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 company'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 company'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 company 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 company 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 2020.

Opinion

In our opinion, the Remuneration Report of MyFiziq Limited for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

.

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
PARTNER

29 SEPTEMBER 2020
WEST PERTH,
WESTERN AUSTRALIA

.