
SINGULAR HEALTH GROUP LIMITED
ACN 639 242 765

APPENDIX 4E
GIVEN TO THE ASX UNDER LISTING RULE 4.3A

Reporting Period

Financial year end	30 June 2021
Previous corresponding reporting period	30 June 2020

Results for Announcement to Market

	30 June 2021 \$	30 June 2020 \$	% increase/ (decrease) over corresponding period
Revenue from ordinary activities	193,643	105,922	82.8%
Profit/(Loss) after tax from ordinary activities attributable to members	(4,456,097)	(707,588)	529.8%
Net profit/(loss) for the period attributable to members	(4,451,047)	(707,588)	529.0%

Dividends

No dividends have been declared or paid during the year ended 30 June 2021. The Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2021.

The Company does not have any dividend reinvestment plan in operation.

Explanation of Results

During the period the Company has been focused on advancing its key technologies, and also completed its IPO on the ASX Limited (please refer Prospectus dated 9 December 2020 for further details on the IPO).

Subsequent to the IPO the Company entered into agreements to acquire Virtual Surgical Planning software and to invest AUD\$300,000 for 25% equity stake in Australian Additive Engineering Pty Ltd (AAE), secured a fifty (50) License sale of integrated MedVR and Virtual Surgical Planning software with Lyka Smith, a leading medical computer aided design company, launched the Scan to Surgery™ initiative with long-term strategy to develop end-to-end patient-specific surgical planning software and bespoke 3D printed implants and guides, successfully concluded an AI-driven spinal segmentation project with the CSIRO, released the Medical File Transfer Protocol (MFTP) to act as main backbone for Scan to Surgery™ and enable future transfer of medical/design files between mobile devices, and launched a mobile 3D scan App for improved patient communication.

Explanation of Results (continued)

Non-cash share based payments to employees and consultants during the period were approximately \$720,324. These equity incentives are designed to ensure employee interests were closely aligned with the achievement of the Group's operational and financial targets and also to reduce cash payments as part of the Group's commitment to reduce cash overheads. Another significant non-cash expenditure item was the finance costs relating to the fair value adjustment on the convertible notes for the financial year of approximately \$1.4 million. All convertible loans were settled and converted to equity in the current financial year.

The Group reported a net loss attributable to members for the period of approximately \$4.451 million.

Net Tangible Assets per Security

Net Tangible Asset/(Liabilities) per share	30 June 2021	30 June 2020
Net tangible assets/(liabilities) (cents per share)	4.24	0.85

Controlled entities

The Company did not gain or lose control over any entities during the financial year. The Company's controlled entities as at 30 June 2021 are outlined below.

Controlled entities	Country of Incorporation	Date of incorporation / acquisition
Singular Health Group Pte. Ltd.	Singapore	12 September 2019
Singular Health Pty Ltd	Australia	18 September 2019

The Group acquired an interest in associates during the year. Refer to Note 12 of the attaching Financial Report to this Appendix 4E for further details.

Audit

This Appendix 4E is based on the financial report for year ended 30 June 2021, which is in the process of being audited.

Attachments

The Preliminary Final Report of Singular Health Group Limited for the year ended 30 June 2021 is attached.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue	3	193,643	105,922
Government grant income	3	262,700	24,000
Interest and other revenue	3	117,354	66
Selling and marketing expenses		(149,366)	(9,318)
Patent, research and development expenses		(189,768)	(3,399)
Consultancy and subcontractor fees		(801,539)	(326,623)
Employee and director benefits expenses		(878,645)	(222,258)
Accountancy, audit and legal expenses		(370,565)	(48,153)
Depreciation and amortisation		(130,691)	(29,171)
Administration expenses		(249,310)	(138,363)
Share based payments expense	4	(720,234)	-
Finance costs		(1,464,382)	(55,423)
Share of net loss in associates		(4,136)	-
Other expenses		(71,158)	(4,869)
Loss before income tax		(4,456,097)	(707,588)
Income tax benefit/(expense)		-	-
Loss after tax for the period attributable to the members of Singular Health Group Limited		(4,456,097)	(707,588)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		5,050	-
Total comprehensive (loss) for the period attributable to the members of Singular Health Group Limited		(4,451,047)	(707,588)
Basic and diluted loss per share (cents per share) for the year attributed to the members of Singular Health Group Limited	5	(6.02)	(4.74)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	4,135,691	130,552
Trade and other receivables		152,119	70,391
Prepayments		9,181	-
Prepaid Interest on Convertible Notes		-	240,390
Total Current Assets		4,296,991	441,333
Non-Current Assets			
Intangibles	7	637,893	199,245
Plant and equipment	8	63,358	27,691
Right of use assets		133,265	-
Investment in associates	12	295,864	-
Total Non-current Assets		1,130,380	226,936
TOTAL ASSETS		5,427,371	668,269
LIABILITIES			
Current Liabilities			
Trade and other payables		148,328	129,797
Provisions		49,184	6,117
Borrowings		1,545	155,941
Convertible loans	9	-	590,000
Lease liability		61,503	-
Total Current Liabilities		260,560	881,855
Non-current Liabilities			
Lease Liability		84,541	-
Total Non-current Liabilities		84,541	-
TOTAL LIABILITIES		345,101	881,855
NET ASSETS/(LIABILITIES)		5,082,270	(213,586)
EQUITY			
Issued capital	10	9,526,669	500,000
Reserves	11	719,286	(5,998)
Accumulated losses		(5,163,685)	(707,588)
TOTAL EQUITY		5,082,270	(213,586)

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Issued Capital	Share-based Payment Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2019	-	-	-	-	-
Loss for the year	-	-	(707,588)	-	(707,588)
Total other comprehensive income	-	-	-	(5,998)	(5,998)
Total comprehensive loss for the year	-	-	(707,588)	(5,998)	(713,586)
<i>Transaction with owners, directly recorded in equity:</i>					
Issue of Ordinary Shares, net of transaction costs	500,000	-	-	-	500,000
Total transactions with owners	500,000	-	-	-	500,000
Balance at 30 June 2020	500,000	-	(707,588)	(5,998)	(213,586)
	Issued Capital	Share-based Payment Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	500,000	-	(707,588)	(5,998)	(213,586)
Loss for the year	-	-	(4,456,097)	-	(4,456,097)
Total other comprehensive income	-	-	-	5,050	5,050
Total comprehensive loss for the year	-	-	(4,456,097)	5,050	(4,451,047)
<i>Transaction with owners, directly recorded in equity:</i>					
Issue of Ordinary Shares, net of transaction costs	5,330,592	-	-	-	5,330,592
Share issued on conversion of Convertible Notes (Note 9,10)	2,846,077	-	-	-	2,846,077
Share based payments (Note 4)	850,000	720,234	-	-	1,570,234
Total transactions with owners	9,026,669	720,234	-	-	9,746,903
Balance at 30 June 2021	9,526,669	720,234	(5,163,685)	(948)	5,082,270

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		111,915	32,520
Government grants received		377,810	-
Payments to suppliers and employees		(2,399,133)	(580,689)
Interest (paid)/received		2,244	-
Net cash flows (used in) operating activities	6	(1,907,164)	(548,169)
Cash flows from investing activities			
Purchase of plant & equipment		(50,486)	(31,603)
Payments for intangible assets		(260,082)	(227,708)
Payments for acquisition of associates		(300,000)	-
Net cash flows (used in) investing activities		(610,568)	(259,311)
Cash flows from financing activities			
Proceeds from issue of shares, net of issue costs		5,691,655	500,000
Proceeds from issue of convertible notes		1,025,000	295,000
Proceeds from borrowings		(154,396)	155,692
Payment of principle portion of lease liabilities		(44,438)	-
Net cash flows from financing activities		6,517,821	950,692
Net increase in cash and cash equivalents		4,000,089	143,212
Cash and cash equivalents at beginning year		130,552	-
Effects of foreign exchange rates		5,050	(12,212)
Cash and cash equivalents at end year	6	4,135,691	130,552

The above Consolidated Statement of Cashflows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

NOTE 1: BASIS OF PREPARATION OF THE YEAR END FINANCIAL REPORT

The preliminary financial report has been prepared in accordance with ASX listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has been prepared in accordance with the Australian Accounting Standards (AASBs) and Interpretations issued by the Australian Accounting Standards Board, and the *Corporations Act 2001*. This year end financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this preliminary report is to be read in conjunction with the annual financial report for the year ended 30 June 2020, the interim financial report for the half-year ended 31 December 2020 and any public announcement made by Singular Health Group Limited during the reporting period in accordance with the continuous disclosure requirement of the *Corporations Act 2001*.

NOTE 2: SEGMENT REPORTING

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the consolidated Group. The Group's primary business segment is the provision of Volume Rendering Platform (VRP) software. The Company operates in one segment, medical technology products.

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the nature of the minerals targeted. Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

The chief operating decision maker has been identified as the Board of Directors.

NOTE 3: REVENUE AND OTHER INCOME

	2021	2020
	\$	\$
Operating Revenue		
Product revenue	193,643	105,922
	193,643	105,922
Other Income		
Interest revenue	2,244	66
Research and development grant	262,700	-
ATO Jobkeeper and cashflow boost	113,032	-
Other	2,078	-
	380,054	66

NOTE 4: SHARE BASED PAYMENTS

Share based payments made during the year ended 30 June 2021 are summarised below:

	2021	2020
	\$	\$
Options issued to Directors as incentive based remuneration	361,868	-
Options issued to other key management personnel and consultant as incentive based remuneration	87,548	-
Performance Rights issued to Directors as incentive and for services to be provided	154,366	-
Performance Rights issued to key management personnel and consultant as incentive and for services	116,452	-
Total share based payment expense	720,234	-

NOTE 5: EARNINGS PER SHARE

	2021	2020
Basic and diluted loss per share (cents per share)	(6.02)	(4.74)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	74,053,220	14,917,808

NOTE 6: CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Cash at Bank	4,135,691	130,552
Total cash and cash equivalents	4,135,691	130,552
 Reconciliation to Statement of Cashflows		
	2021	2020
	\$	\$
Loss for the year	(4,456,097)	(705,558)
<i>Non-cash items</i>		
Share-based payments	720,234	-
Depreciation and amortisation	130,691	32,395
Convertible note interest	1,471,464	54,610
Director loan interest	-	6,911
Share of net loss in associates	4,136	-
 <i>Changes in Assets and Liabilities</i>		
Increase/(Decrease) in Trade and Other Payables	29,860	133,884
(Increase)/Decrease in Trade and Other Receivables	149,481	(70,411)
Increase)/(Decrease) in Provisions	43,067	-
Cash flows used in operations	(1,907,164)	(548,169)

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NOTE 7: INTANGIBLES

	2021	2020
	\$	\$
Intellectual Property at cost	737,790	227,708
Less: Accumulated amortisation and impairment	(99,897)	(28,463)
	<u>637,893</u>	<u>199,245</u>

a) Reconciliation of movements in intangible assets

	\$
Intangible Assets	
Balance at 1 July 2019	-
Additions	227,708
Impairment expense	-
Amortisation expense	(28,463)
Balance at 30 June 2020	<u>199,245</u>
Balance at 1 July 2020	199,245
Additions	510,082
Impairment expense	-
Amortisation expense	(71,434)
Balance at 30 June 2021	<u>637,893</u>

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	2021	2020
	\$	\$
Office equipment – at cost	41,482	31,623
Less: Accumulated depreciation	(15,679)	(3,932)
Computer equipment – at cost	40,628	-
Less: Accumulated depreciation	(3,073)	-
Total property, plant and equipment	<u>63,358</u>	<u>27,691</u>

a) Reconciliation of movements in fixed assets

	\$
Property, Plant and Equipment	
Balance at 1 July 2019	-
Additions	31,623
Depreciation expense	(3,932)
Balance at 30 June 2020	<u>27,691</u>
Additions	50,486
Depreciation expense	(14,819)
Balance at 30 June 2021	<u>63,358</u>

NOTE 9: CONVERTIBLE LOANS

	2021	2020
	\$	\$
Balance brought forward	590,000	-
Convertible notes issued during the year ¹	2,110,000	590,000
Less: Convertible notes repaid during the year ²	(2,700,000)	-
Balance as at 30 June 2021	-	590,000

(1) The terms of the various convertible notes are as follows:

Conversion Period	A period of 22 months commencing from the date of issue
Conversion Event	The day Singular Health Group shares are listed on the Australian Stock Exchange ("ASX")
Conversion Price	The convertible notes are converted at a discount of 50% of the price the shares are listed on ASX (ie 50% of \$0.20 IPO price). On that basis, the Convertible Notes have been recorded at their 'fair value' with the associated adjustment being recognised as interest.
Interest	Interest accrues on the Convertible Notes at a rate of 10% per annum. Prepaid Interest of \$1,440,144 resulting from fair value adjustment was recognised which was amortised to profit or loss as financing costs over the period from the date the notes were issued to the date of SHG's listing on ASX.

(2) As part of the IPO completed in February 2021, all convertible loans on issue including interest accrued converted into fully paid ordinary shares. Refer to Note 10 Issued Capital for further details.

NOTE 10: ISSUED CAPITAL

	2021	2020
	Number of Shares	Number of Shares
Issued Ordinary Shares - no par value (fully paid)	102,798,867	55,000,001
Total	102,798,867	55,000,001
	Number of Shares	Value \$
Opening balance – 1 July 2019	-	-
Closing balance – 30 June 2020	55,000,001	500,000
IPO Placement Shares	30,000,000	6,000,000
Share issued upon conversion of Existing Convertible Notes	14,230,384	2,846,077
Shares issued to Lead Manager and Advisor	3,000,000	600,000
Cleansing Offer as part of Prospectus	-	-
Share issued for VR Surgical acquisition (see Note 12)	568,482	250,000
Costs of shares issued		(669,408)
Closing Balance – 30 June 2021	102,798,867	9,526,669

NOTE 11: RESERVES

Nature and Purpose of Reserve

The share based payment reserve records the value of options, performance rights and performance shares issued to the Group's directors, employees, and third parties. The value of the amount disclosed during the year reflects the value of options and performance shares issued by the Group.

	2021	2020
	\$	\$
Performance Rights	270,818	-
Options	449,416	-
Foreign Currency Translation Reserve	(948)	(5,988)
Total Reserves	719,286	(5,988)

NOTE 12: ASSET ACQUISITION

a. VR Surgical software acquisition

On 26 May 2021, the Company acquired virtual surgical planning software developed by VR Surgical Pty Ltd (**VR Surgical**) which is a software that allow surgeons to manipulate standard computer aided design (CAD) files to accelerate the pre-operative planning of maxillofacial surgery in virtual reality. The acquisition was approved by the shareholders at the General Meeting held on 11 May 2021.

In consideration for this acquisition, SHG paid \$250,000 in cash and \$250,000 worth of issued ordinary shares each to VR Surgical. The fair value of consideration issued on 27 May 2021 which was by reference to the 30-day VWAP of \$0.43976 with the total number of shares issued being 568,482. Refer note 10.

The transaction is treated as an asset acquisition as the acquired assets being the software does not meet the definition of 'business' under IFRS 3. The software was recognised as an addition to the Group's Intangibles to be over amortised over 4 years. Refer Note 7.

b. Investment in Australian Additive Engineering Pty Ltd

On 21 March 2021, the Company and Australian Additive Engineering Pty Ltd (AAE) entered into share subscription deed where SHG will subscribe to 25% of AAE's share capital for a subscription price of \$300,000. The acquisition was approved by the shareholders at the General Meeting held on 11 May 2021.

Consideration of \$300,000 in cash was paid on 26 May 2021 and this is deemed to be the date of acquisition.

Under AASB 128 *Investments in associates and joint ventures*, SHG's 25% interest in AAE is considered a significant influence as it holds more than 20% directly in the investee and therefore, the investment is equity accounted upon consolidation.

For the year ending 30 June 2021, Singular recognised a share of net loss in associates of \$4,136 in the Group's Profit or Loss.

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