

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES
EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the fiscal year ended June 30, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from _____ to _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

Commission file number 000-49843

ADVANCED HEALTH INTELLIGENCE LTD

(Exact name of Registrant as specified in its charter and translation of Registrant's name into English)

Australia

(Jurisdiction of incorporation or organization)

71-73 South Perth Esplanade

Unit 5

South Perth, WA 6151

Australia

(Address of principal executive offices)

Mr Scott Montgomery

Chief Executive Officer

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Unit 5, South Perth, WA 6151

Australia

+61 8 9316 9100 (phone)

(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
American Depositary Shares, each representing twenty eight Ordinary Shares	AHI	NASDAQ Capital Market

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

217,703,969 Ordinary Shares, as of June 30, 2023

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Emerging growth company

Non-accelerated filer

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

INTRODUCTION

Advanced Health Intelligence Ltd (AHI), formerly known as Advanced Human Imaging Ltd, MyFiziq Limited, and originally incorporated as Shrinkme Pty Ltd in 2014, has undergone significant transformation and growth. With a series of name changes reflecting its evolving mission, AHI has become a global leader in digital health, committed to redefining health screening and proactive health management.

At the core of AHI's innovation, we have developed and patented a proprietary measurement/dimensioning technology. This proprietary measurement and dimensioning technology enables users to privately check, track, and accurately assess their body dimensions and chronic disease risk markers using only a smartphone. AHI's technology is embedded in the software programs and apps of global partners, reaching audiences across sectors such as mobile health (mHealth), Telehealth, life and health insurance and now targeting population health with Governments.

AHI's key offerings include:

- Body Dimension and Composition Assessments: Enabling the identification of obesity-related comorbidities such as diabetes.
- Blood Biomarker Prediction: Including HbA1C, HDL, LDL, and 10-year mortality risk.
- Transdermal Optical Imaging: Providing vital signs and cardiovascular disease risk estimates.

- On-Device Dermatological Skin Identification: Recognizing 588 skin conditions across 133 categories, including Melanoma.
- Assisting partners in delivering personalised therapeutic and non-therapeutic health coaching to improve daily habits and build health literacy.

Since its inception, AHI has been at the forefront of Health-tech innovation, starting with the world’s first on-device body dimensioning capability. The technology has evolved into a robust suite of solutions symbolizing the future of digitized healthcare. AHI’s world-class team of machine learning and AI experts, computer vision specialists, and medically trained data scientists ensures that the company remains at the cutting edge of health-tech innovation.

The principal listing of our ordinary shares and unlisted options to purchase our ordinary shares is on the Australian Securities Exchange, or ASX. Since November 2021, our American Depositary Shares, or ADSs, have traded on the NASDAQ Capital Market under the symbol “AHI”. The Bank of New York Mellon, acting as depositary, issues American Depositary Receipts, or ADRs, each of which evidences an ADS, which in turn represents twenty-eight (28) of our ordinary shares. As used in this annual report, the terms “we,” “us,” “our”, “the Company”, “AHI” and “Advanced Health Intelligence” mean Advanced Health Intelligence Ltd and its subsidiaries, unless otherwise indicated.

Our financial statements have been prepared in accordance with Australian Accounting Standards (“AASB”). The AASB has adopted both the International Accounting Standards (“IAS”) as well as the International Financial Reporting Standards (“IFRS”), as issued by the IASB.

On June 30, 2023, we effected ratio change of the Company’s American Depositary Shares (ADSs) to our non-traded ordinary shares from the previous ratio of one (1) ADS representing seven (7) ordinary shares to the new ratio of one (1) ADS representing twenty-eight (28) ordinary shares. The ratio change has the same effect as a reverse split of the existing ADSs of 1 new ADS for every 4 old ADSs. Unless specified otherwise, and except as provided in the financial statements and footnotes thereto, all references in this Annual Report to share and per share data have been adjusted, including historical data which has been retroactively adjusted, to give effect to these reverse stock splits.

Australian Disclosure Requirements

Our ordinary shares are primarily quoted on the ASX in addition to our listing of our ADSs on the NASDAQ Capital Market (“NASDAQ”). As part of our ASX listing, we are required to comply with various disclosure requirements as set out under the Australian *Corporations Act 2001* and the *ASX Listing Rules*. Information furnished under the sub-heading “Australian Disclosure Requirements” is intended to comply with the *ASX Listing Rules* and *Corporations Act 2001* disclosure requirements and is not intended to fulfill information required by this Annual Report on Form 20-F.

In this annual report, all references to “U.S. dollars” or “US\$” are to the currency of the United States, and all references to “Australian dollars” or “\$” are to the currency of Australia.

Statements made in this annual report concerning the contents of any contract, agreement or other document are summaries of such contracts, agreements or documents and are not complete descriptions of all their terms. If we filed any of these documents as an exhibit to this annual report or to any registration statement or annual report that we previously filed, you may read the document itself for a complete description of its terms.

Forward-Looking Statements

Except for the historical information contained in this annual report, the statements contained in this annual report are “forward-looking statements” within the meaning of Section 27A of the *Securities Act of 1933*, as amended, and Section 21E of the *Securities Exchange Act of 1934*, as amended, or the Exchange Act, and the Private Securities Litigation Reform Act of 1995, as amended, with respect to our business, financial condition and results of operations. Such forward-looking statements reflect our current view with respect to future events and financial results. We urge you to consider that statements which use the terms “anticipate,” “believe,” “do not believe,” “expect,” “plan,” “intend,” “estimate,” and similar expressions are intended to identify forward-looking statements. We remind readers that forward-looking statements are merely predictions and therefore inherently subject to uncertainties and other factors and involve known and unknown risks that could cause the actual results, performance, levels of activity, or our achievements, or industry results, to be materially different from any future results, performance, levels of activity, or our achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except as required by applicable law, including the securities laws of the United States, we undertake no obligation to publicly release any update or revision to any forward-looking statements to reflect new information, future events or circumstances, or otherwise after the date hereof. We have attempted to identify significant uncertainties and other factors affecting forward-looking statements in the Risk Factors section that appears in Item 3.D. “*Key Information-Risk Factors*.”

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [RESERVED]

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

Investing in our securities involves a high degree of risk and uncertainty. You should carefully consider the risks and uncertainties described below before investing in our securities. Additional risks and uncertainties not presently known to us or that we believe to be immaterial may also adversely affect our business. If any of the following risks actually occurs, our business, prospects, financial condition and results of operations could be harmed. In that case, the daily price of our securities could decline, and you could lose all or part of your investment. These risk factors include:

Summary Risk Factors

The below is a summary of principal risks to our business and risks associated with our company. It is only a summary. You should read the more detailed discussion of risks set forth below and elsewhere in this annual report for a more complete discussion of the risks listed below and other risks.

- We operate in a highly competitive industry, and if we are not able to compete effectively, our business and results of operations will be harmed.
- We may not reach the scale in our business or generate revenue to the level outlined in our business plan.

- We may be unable to successfully execute our growth initiatives, business strategies, or operating plans.
- If we fail to effectively manage our growth and organizational change, our business and results of operations could be harmed.
- If security measures in connection with our platforms and services are breached or unauthorized access to patient’s or client’s data is otherwise obtained, our solutions may be perceived as not being secure, clients may reduce the use of or stop using our software solutions, and we may incur significant liabilities.
- If we do not continue to innovate and provide services that are useful to customers and users, we may not remain competitive, and our revenue and results of operations could suffer.
- The recent global pandemic of COVID-19 could harm our business, results of operations, and financial condition.
- We rely on third-party providers for web services/cloud services, computing infrastructure, databases and other technology-related services needed to deliver our cloud solutions. Therefore, a change of contractual relationship with such third-party providers or disruption of the services provided by them could adversely affect our business and subject us to liability.
- Technology changes rapidly in our business, and if we fail to anticipate new technologies, the quality, timeliness, and competitiveness of our products may suffer.
- Our business success depends on our ability to properly utilize and protect our intellectual property and non-infringement of intellectual property of third parties, both in the U.S. and in other countries, we plan to expand to.

- We are an “emerging growth company” and as such, we are subject to exemptions from certain disclosure requirements.
- We are subject to certain risks associated with currency fluctuations which can impact our operations.
- We are subject to certain risks associated with ADSs.
- There may be a significant dilution and loss of value of our Ordinary Shares as a result of certain outstanding convertible notes, outstanding performance rights and options which are exercisable into Ordinary Shares.
- Your rights to pursue claims arising under the deposit agreement are limited by the terms of the deposit agreement, including limited choice of forum, and jury trial waiver.

Risks Related to our Business

We may not reach the scale in our business or generate revenue to the level outlined in our business plan.

We may be unable to achieve our expected growth or go-live with our product in the anticipated timelines, based on factors outside of our control. We have only generated very minimal recurring revenues to date as our partner releases have only commenced in late 2022 and there is a degree of uncertainty associated with predicting future revenue with a broader understanding of adoption and retention. Until we have ascertained the level of uptake with already contracted partners, this will form part of our focus and process.

We have historically incurred significant losses and there can be no assurance as to when, precisely, we will achieve breakeven or maintain profitability, despite our low overhead expenditure.

During the 12 months ended June 30, 2023, we realized a net loss of \$12,827,177 compared with a net loss of \$20,076,843 for the 12 months ended June 30, 2022. Given the numerous risks and uncertainties associated with the development of our products and business, we are unable to predict with absolute certainty the extent of any future losses or when we will become profitable. While our overheads are quite low, maintaining operating losses in the future will have an adverse effect on our cash resources, shareholders' equity and working capital. Our failure to become and remain profitable could depress the value of our stock and impair our ability to raise capital, expand our business, maintain our development efforts, diversify our portfolio of partner companies, or continue our operations. A decline in our value could also cause you to lose all or part of your investment in our Company.

We will need to raise additional capital to meet our business requirements in the future, which could be challenging, potentially highly dilutive and may cause the market price of our Ordinary Shares and ADSs to decline.

While we are transitioning to a point of breakeven, we may need to raise additional capital in order to meet our business objectives. Future capital raises may not be available on reasonable terms, if at all. Additional capital would be used to accomplish the following:

- Finance our current operating expenses;
- Pursue growth opportunities;
- Hire and retain qualified employees;
- Respond to competitive pressures;
- Comply with regulatory requirements; and
- Maintain compliance with applicable laws.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, the issuance of such securities could result in substantial dilution for our current shareholders. The terms of any securities issued by us in future capital transactions may be more favorable to new investors, and may include preferences, superior voting rights and the issuance of warrants or other derivative securities, which may have a further dilutive effect on the holders of any of our securities then-outstanding. We may issue additional Ordinary Shares or securities convertible into or exchangeable or exercisable for our Ordinary Shares in connection with hiring or retaining personnel, option or warrant exercises, future acquisitions or future placements of our securities for capital-raising or other business purposes. The issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our Ordinary Shares to decline and existing shareholders may not agree with our financing plans or the terms of such financings.

In addition, we may incur additional costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we issue, such as convertible notes and warrants, which may adversely impact our financial condition.

Furthermore, any additional debt or equity financing that we may need may not be available on terms favorable to us, or at all. If we are unable to obtain such additional financing on a timely basis, we may have to curtail our development activities and growth plans, which would have a material adverse effect on our business, financial condition and results of operations.

The success of our business is highly dependent on market acceptance of our technology and timely release of our technology which is embedded in our partners' customer facing applications. If the end consumer does not accept our product, or our customers fail to go live with their applications (with our technology embedded), our financial performance will be materially adversely affected.

We expect to derive most of our revenue by charging fees in connection with the usage and licensing of our applications and technologies. We must make product rollout decisions and commit significant resources well in advance of the anticipated introduction of new applications and technologies. The release of our applications and technologies by our customers (we are 'business-to-business' ("B2B"), while our customers have the relationship with the end user) may be delayed, may not succeed, or may have a shorter life cycle than anticipated. If the applications are not released when anticipated or do not attain wide market acceptance, our revenue growth may never materialize, we may be unable to fully recover the resources we have committed, and our financial performance will be harmed. AHI has recently evolved its commercial model to offset utilization risk by being priced into our B2B partners offering meaning that AHI is paid irrespective of end-user utilization of AHI technology. This is demonstrated in the commercial partnership with our digital pharmacy partner, Pharmak, in UAE and Saudi Arabia where AHI will be paid 1.6% of gross prescription value of every Pharmak user.

As a B2B company, we are substantially dependent on our customers to design, integrate and price our technology effectively within their applications.

Whilst we establish commercial contracts with our customers that includes: pricing charges, SDK integration audits, and implementation services, and include various options for customer to select from to integrate our technology within their applications to meet their unique business requirements and user experience in our product offering, as well as provide our own design resources to supplement customer design and product teams, we have limited control over what price customers offer the integrated solution to end users, as well as where and how our products are integrated into their applications. As a result, customers may set pricing points too high for end users, or design / integrate our application in a sub optimal way that users cannot easily find or use our products, which may substantially impact our ability to generate recurring revenue at the level that we expect.

As a B2B company, we are substantially dependent on our customers to release our integrated products on agreed timelines.

Whilst we establish commercial contracts with our customers that includes indicative release timing, we have limited to no control over when, if ever, customers choose to release integrated products. Delays in customer release schedules may have a significant impact on our future cash flow and ability to generate recurring revenue, and / or significantly damage our brand reputation.

As a B2B company, we are substantially dependent on our customers to market our integrated product to their end users.

Whilst we provide marketing incentives to customers to, depending on the customer size, match their marketing spend on integrated product marketing, provide part marketing spend, as well as assist with marketing activities, including generation and monitoring of marketing strategies and campaigns as well as the development of joint marketing assets, we have limited to no control over how and when customers market our integrated products. Ineffective, inadequate, or nonexistent marketing of our integrated product may have a significant impact on our future cash flow and ability to generate recurring revenue at the level that we expect.

Damage to our or our customers' reputation or lack of acceptance of our brand or our customers' brands in existing and new markets could negatively impact our business, financial condition and results of operations.

We intend to build a strong reputation for the quality of our technology, and we must protect and grow the value of our brand to be successful. Any incident that erodes consumer affinity for our brand or our customers' brands, could significantly reduce our brand value and damage our business. If end users perceive or experience a reduction in quality, or in any way believe we or our customers fail to deliver a consistently positive experience, our brand value could suffer, and our business may be adversely affected.

In addition, our ability to successfully sign new partners in new markets may be adversely affected by a lack of awareness or acceptance of our brand or our existing partners brands in these new markets. To the extent that we are unable to foster name recognition and affinity for our brand in new markets, our growth may be significantly delayed or impaired.

As a result, adverse economic conditions in any of these areas could have a material adverse effect on our overall results of operations. In addition, other factors that could have a material adverse effect on our business and operations include but are not limited to; local strikes, terrorist attacks, increases in energy prices, adverse weather conditions, hurricanes, droughts or other natural or man-made disasters.

Technology changes rapidly in our business, and if we fail to anticipate new technologies, the quality, timeliness, and competitiveness of our products may suffer.

Rapid technology changes require us to anticipate which technologies and/or distribution platforms our products must take advantage of in order to make them competitive in the market at the time they are released. Therefore, we usually start our product development with a range of technical development goals that we hope to be able to achieve. We may not be able to achieve these goals, and even though we have global patent protection, our competition may be able to achieve them more quickly than we can. If we cannot achieve our technology goals within the original development schedule of our products, this may impact the manner in which users experience our product, which in turn could impact recurring revenue. It may also provide an opportunity for competitors to catch up to us.

We rely upon third parties to provide distribution for our applications, and disruption in these services could harm our business.

We currently utilize, and plan on continuing to utilize over the current fiscal year, third-party networking providers and distribution through companies including, but not limited to, Apple and Google to distribute our technologies. If disruptions or capacity constraints occur, we may have no means of replacing these services, on a timely basis or at all. This could cause a material adverse condition for our operations and financial earnings.

We rely on third-party hosting and cloud computing providers to operate certain aspects of our business. Any failure, disruption or significant interruption in our network or hosting and cloud services could adversely impact our operations and harm our business.

Our technology infrastructure is critical to the performance of our products and customer satisfaction. Our products run on a complex distributed system, or what is commonly known as cloud computing. We own, operate and maintain elements of this system. However, elements of this system are operated by open-source code and third party owned and operated software that we do not control, and which would require significant time to replace. We expect this dependence on third parties to continue. In particular, a portion of the data storage, data processing and other computing services and systems is hosted by cloud computing providers. Any disruptions, outages and other performance problems relating to such services, including infrastructure changes, human or software errors and capacity constraints, could adversely impact our business, financial condition or results of operations.

We could be harmed by improper disclosure or loss of sensitive or confidential company, employee, associate or customer data, including personal data.

In connection with the operation of our business, we plan to store, process and transmit data, including personal information, about our employees, customers, customers' end users, associates and candidates, a portion of which is confidential and/or personally sensitive. Unauthorized disclosure or loss of sensitive or confidential data may occur through a variety of methods. These include, but are not limited to, systems failure, employee negligence, fraud or misappropriation, or unauthorized access to or through our information systems, whether by our employees or third

parties, including a cyberattack by computer programmers, hackers, members of organized crime and/or state-sponsored organizations, who may develop and deploy viruses, worms or other malicious software programs.

Such disclosure, loss or breach could harm our reputation and subject us to government sanctions and liability under our contracts and laws that protect sensitive or personal data and confidential information, resulting in increased costs or loss of revenues. It is possible that security controls over sensitive or confidential data and other practices we and our third-party vendors follow may not prevent the improper access to, disclosure of, or loss of such information. The potential risk of security breaches and cyberattacks may increase as we introduce new services and offerings, such as mobile technology. Further, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions in which we provide services. Any failure or perceived failure to successfully manage the collection, use, disclosure, or security of personal information or other privacy related matters, or any failure to comply with changing regulatory requirements in this area, could result in legal liability or impairment to our reputation in the marketplace.

Our business operations and future development could be significantly disrupted if we lose key members of our management team.

The success of our business continues to depend to a significant degree upon the continued contributions of our senior officers and key employees, both individually and as a group. Our future performance will be substantially dependent, in particular, on our ability to retain and motivate our Chief Executive Officer, and certain of our other senior executive officers. The loss of the services of our Chief Executive Officer, senior officers or other key employees could have a material adverse effect on our business and plans for future development. We have no reason to believe that we will lose the services of any of these individuals in the foreseeable future; however, we currently have no effective replacement for any of these individuals due to their experience, reputation in the industry and special role in our operations. We also do not maintain any key man life insurance policies for any of our employees.

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Our business operations are conducted in multiple languages and could be disrupted due to miscommunications or translation errors.

The success of our business continues to depend on our marketing efforts globally, with a majority of customer head offices in the USA, Europe and Asia Pacific, each of which may be conducted in the local language. Miscommunications or inaccurate foreign language translations could have a material adverse effect on our business operations and financial conditions. Additionally, contracts, communications and complex technical information may be required to be accurately translated into foreign languages.

We may not be able to adequately protect our Intellectual Property (IP) or avoid third party IP, which, in turn, could harm the value of our brands and adversely affect our business.

Our ability to implement our business plan successfully depends in part on our ability to build brand recognition using our patents, service marks and other proprietary intellectual property, including our names and logos. We have patents in selected global jurisdictions, with prior art dating back to December 4, 2014. We have been issued 19 patents, 1 of each in Australia, Canada, China, the EU and the USA, 2 of each in Hong Kong and Singapore, 3 of each in Japan and New Zealand, and 4 in the Republic of Korea. We have 11 patent-pending submissions; 1 each in Australia, China, India, and Singapore, 3 with PCT (Patent Corporation Treaty) and 4 in the USA. We also have updated applications to 11 of our existing issued patents to further protect our IP in process. No assurance can be given that our patent-pending submissions or the additional patent applications which is in process will be approved. If our patent-pending submissions or the additional patent applications which is in process are not approved, our ability to expand or develop our business may be negatively affected.

We have established trademarks to protect our brand globally in key jurisdictions including: the USA, Korea, New Zealand, Hong Kong, the EU, the UK, Japan, and Australia. We currently have 2 applications pending each in both Canada and India.

Third parties may also oppose our trademark or patent applications, or otherwise challenge our use of the trademarks or patents. In the event that our trademarks or patents are successfully challenged, we could be forced to rebrand our goods and services or redesign our technology, which could result in loss of brand recognition, and could require us to devote resources to advertising and marketing new brands and products.

If our efforts to register, maintain and protect our intellectual property are inadequate, or if any third party misappropriates, dilutes or infringes on our intellectual property, the value of our brands may be harmed, which could have a material adverse effect on our business and might prevent our brands from achieving or maintaining market acceptance. We may also face the risk of claims that we have infringed third parties' intellectual property rights. If third parties claim that we infringe upon their intellectual property rights, our operating profits could be adversely affected. Any claims of intellectual property infringement, even those without merit, could be expensive and time consuming to defend, require us to rebrand our services, if feasible, divert management's attention and resources or require us to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property.

Any royalty or licensing agreements, if required, may not be available to us on acceptable terms or at all. A successful claim of infringement against us could result in our company being required to pay significant damages, enter into costly license or royalty agreements, or stop the sale of certain products or services, any of which could have a negative impact on our operating profits and harm our future prospects.

We may not be able to continue to obtain licenses to third-party software and intellectual property on reasonable terms or at all, which may disrupt our business and harm our financial results.

We license third-party software and other intellectual property for use in product deployment, research and development and, in several instances, for inclusion in our products such as with *FaceScan* and *DermaScan*. These licenses may need to be renegotiated or renewed from time to time, or we may need to obtain new licenses in the future. Third parties may stop adequately supporting or maintaining their technology, or their technology may be acquired by our competitors. If we are unable to obtain licenses to these third-party software and intellectual property on reasonable terms or at all, we may not be able to sell the affected products, our customers' use of the products may be interrupted, or our product development processes and professional services offerings may be disrupted, which could in turn harm our financial results, our customers, and our reputation. The inclusion of third-party intellectual property in our products can also subject us and our customers to infringement claims. Although we seek to mitigate this risk contractually, we may not be able to sufficiently limit our potential liability. Regardless of outcome, infringement claims may require us to use significant resources and may divert management's attention. Some of our products and technology, including those we acquire, may include software licensed under open-source licenses. Some open-source licenses could require us, under certain circumstances, to make available or grant licenses to any modifications or derivative works we create based on the open-source software. Although we have tools and processes to monitor and restrict our use of open-source software, the risks associated with open-source usage may not be eliminated and may, if not properly addressed, result in unanticipated obligations that harm our business.

Information technology system failures or breaches of our network security could interrupt our operations and adversely affect our business.

We will rely on our computer systems and network infrastructure across our operations. Our operations depend upon our ability to protect our computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses, worms and other disruptive problems. Any damage or failure of our computer systems or network

infrastructure that causes an interruption in our operations could have a material adverse effect on our business and subject us to litigation or actions by regulatory authorities. Although we employ both internal resources and external consultants to conduct auditing and testing for weaknesses in our systems, controls, firewalls and encryption and intend to maintain and upgrade our security technology and operational procedures to prevent such damage, breaches or other disruptive problems, there can be no assurance that these security measures will be successful.

Any actual or perceived failure by us to comply with our privacy policy or legal or regulatory requirements in one or multiple jurisdictions could result in proceedings, actions or penalties against us.

Any failure or perceived failure by us to comply with federal, state or foreign laws or regulations, industry standards, contractual obligations or other legal obligations, or any actual or suspected security incident, whether or not resulting in unauthorized access to, or acquisition, release or transfer of personal data or other data, may result in governmental enforcement actions and prosecutions, private litigation, fines and penalties or adverse publicity and could cause our customers to lose trust in us, which could have an adverse effect on our reputation and business. Any inability to adequately address privacy and security concerns, even if unfounded, or comply with applicable laws, regulations, policies, industry standards, contractual obligations or other legal obligations could result in additional cost and liability to us, damage our reputation, inhibit sales and adversely affect our business.

Evolving and changing definitions of what constitutes “Personal Information” and “Personal Data” within the EU, the United States and elsewhere, may limit or inhibit our ability to operate or expand our business, including limiting technology alliance partners that may involve the sharing of data.

If we are perceived to cause, or are otherwise unfavorably associated with, violations of privacy or data security requirements, it may subject us or our customers to public criticism, financial penalties and potential legal liability. Existing and potential privacy laws and regulations concerning privacy and data security and increasing sensitivity of consumers to unauthorized processing of personal data may create negative public reactions to technologies, products and services such as ours. Public concerns regarding personal data processing, privacy and security may cause some of our customers' end users to be less likely to visit their venues or platforms, or otherwise interact with them. If enough end users choose not to visit our customers' venues of platforms, or otherwise interact with them, our customers could stop using our platform. This, in turn, may reduce the value of our service, and slow or eliminate the growth of our business, or cause our business to contract.

Around the world, there are numerous lawsuits in process against various technology companies that process personal information and personal data. If those lawsuits are successful, it could increase the likelihood that our company may be exposed to liability for our own policies and practices concerning the processing of personal data and could hurt our business. Furthermore, the costs of compliance with, and other burdens imposed by laws, regulations and policies concerning privacy and data security that are applicable to the businesses of our customers may limit the use and adoption of our technologies and reduce overall demand for it. Privacy concerns, whether or not valid, may inhibit market adoption of our technologies. Additionally, concerns about security or privacy may result in the adoption of new legislation that restricts the implementation of technologies like ours or require us to make modifications to our existing services and technology, which could significantly limit the adoption and deployment of our technologies or result in significant expense.

We will continue to incur costs and be subject to various obligations as a result of being a public company.

We will continue to incur significant legal, accounting and other expenses as a result of being a public company. Although we will incur costs each year associated with being a publicly traded company, it is possible that our actual costs of being a publicly traded company will vary from year to year and may be different than our estimates. In estimating these costs, we take into account expenses related to insurance, legal, accounting and compliance activities.

Furthermore, the need to maintain the corporate infrastructure demanded of a public company may divert management's attention from implementing our growth strategy, which could prevent us from improving our business, results of operations and financial condition. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations in order to become a U.S. publicly traded company. However, the measures we take may not be sufficient to satisfy our obligations as a publicly traded company.

Any future or current litigation could have a material adverse impact on our results of operations, financial condition and liquidity.

From time to time we may be subject to litigation, including, among others, potential shareholder derivative actions. Risks associated with legal liability are difficult to assess and quantify, and their existence and magnitude can remain unknown for significant periods of time. To date we have obtained directors and officers liability (“D&O”) insurance to cover some of the risk exposure for our directors and officers. Such insurance generally pays the expenses (including amounts paid to plaintiffs, fines, and expenses including attorneys’ fees) of officers and directors who are the subject of a lawsuit as a result of their service to us. There can be no assurance that we will be able to continue to maintain this insurance at reasonable rates or at all, or in amounts adequate to cover such expenses should such a lawsuit occur. Our Constitution requires us to indemnify our officers and directors involved in such a legal action to the extent permitted by the *Corporations Act 2001* (Cth), or the “Corporations Act”. Without D&O insurance, the amounts we would pay to indemnify our officers and directors should they be subject to legal action based on their service to us could have a material adverse effect on our financial condition, results of operations and liquidity. Such lawsuits, and any related publicity, may result in substantial costs and, among other things, divert the attention of management and our employees. An unfavorable outcome in any claim or proceeding against us could have a material adverse impact on our financial position and results of operations for the period in which the unfavorable outcome occurs, and potentially in future periods.

Further, any settlement announced by us may expose us to further claims against us by third parties seeking monetary or other damages which, even if unsuccessful, would divert management attention from the business and cause us to incur costs, possibly material, to defend such matters, which could have a material adverse impact on our financial position.

Federal, state and local or Australian tax rules may adversely impact our results of operations and financial position.

We are subject to federal, state and local taxes in the U.S., as well as federal and state taxes in Australia in respect to our operations in Australia. Although we believe our tax estimates are reasonable, if the Internal Revenue Service or other taxing authority disagrees with the positions, we have taken on our tax returns, we could face additional tax liability, including interest and penalties. If material, payment of such additional amounts upon final adjudication of any disputes could have a material impact on our results of operations and financial position. In addition, complying with new tax rules, laws or regulations could impact our financial condition, and increases to federal or state statutory tax rates and other changes in tax laws, rules or regulations may increase our effective tax rate. Any increase in our effective tax rate could have a material impact on our financial results.

Our management, board and advisors control a large block of our Ordinary Shares.

As of June 30, 2023, members of our management team and board beneficially own approximately 22.6% of our outstanding Ordinary Shares, Performance Rights and Options. In addition, one shareholder owns approximately 15.6% of our outstanding Ordinary Shares. As such, management and these shareholders own approximately, in the aggregate, 22.6% of our voting power. As a result, management and the aforementioned shareholders may have the ability to control substantially all matters submitted to our shareholders for approval including:

- Election of our directors;
- Removal of any of our directors;
- Amendment of our Constitution; and

- Adoption of measures that could delay or prevent a change in control or impede a merge, takeover or other business combination involving us.

In addition, management's and the aforementioned shareholders' stock ownership may discourage a potential acquirer from making a takeover offer or otherwise attempting to obtain control of us, which in turn could reduce our stock price or prevent our shareholders from realizing a premium over our stock price.

Risks Related to Ownership of our ADSs

We are subject to risks associated with currency fluctuations, and changes in foreign currency exchange rates could impact our results of operations.

Our Ordinary Shares are quoted in Australian dollars on the ASX and the ADSs are quoted in U.S. dollars. In the past year, the Australian dollar has generally weakened against the U.S. dollar; however, this trend may not continue and may be reversed. As such, any significant change in the value of the Australian dollar may have a negative effect on the value of the ADSs in U.S. dollars. In addition, if the Australian dollar weakens against the U.S. dollar, then, if we decide to convert our Australian dollars into U.S. dollars for any business purpose, appreciation of the U.S. dollar against the Australian dollar would have a negative effect on the U.S. dollar amount available to us. While we engage in limited hedging transactions to manage our foreign exchange risk, these activities may not be effective in limiting or eliminating foreign exchange losses. To the extent that we need to convert U.S. dollars into Australian dollars for our operations, appreciation of the Australian dollar against the U.S. dollar would have a negative effect on the Australian dollar amount we would receive from the conversion. Consequently, appreciation or depreciation in the value of the Australian dollar relative to the U.S. dollar would affect our financial results reported in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. As a result of such foreign currency fluctuations, it could be more difficult to detect underlying trends in our business and results of operations.

Australian takeover laws may discourage takeover offers being made for us or may discourage the acquisition of a significant position in our Ordinary Shares the ADSs.

We are incorporated in Australia and are subject to the takeover laws of Australia. Among other things, we are subject to the Corporations Act. Subject to a range of exceptions, the Corporations Act prohibits the acquisition of a direct or indirect interest in our issued voting shares if the acquisition of that interest will lead to a person's voting power in us increasing to more than 20%, or increasing from a starting point that is above 20% and below 90%. Australian takeover laws may discourage takeover offers being made for us or may discourage the acquisition of a significant position in our Ordinary Shares. This may have the ancillary effect of entrenching our Board and may deprive or limit our shareholders' opportunity to sell their Ordinary Shares and may further restrict the ability of our shareholders to obtain a premium from such transactions.

Our Constitution and Australian laws and regulations applicable to us may adversely affect our ability to take actions that could be beneficial to our shareholders.

As an Australian company we are subject to different corporate requirements than a corporation organized under the laws of the United States. Our Constitution, as well as the Australian Corporations Act 2001, sets forth various rights and obligations that apply to us as an Australian company and which may not apply to a U.S. corporation. These requirements may operate differently than those of many U.S. companies. You should carefully review the summary of these matters set forth under "Description of Share Capital" as well as our Constitution, which is included as an exhibit to this annual report.

We currently report our financial results under IFRS, which differs in certain significant respect from U.S. generally accepted accounting principles, or U.S. GAAP.

Currently we report our financial statements under IFRS. There have been and there may in the future be certain significant differences between IFRS and U.S. Generally Accepted Accounting Principles (“U.S. GAAP”), including differences related to revenue recognition, intangible assets, share-based compensation expense, income tax and earnings per share. As a result, our financial information and reported earnings for historical or future periods could be significantly different if they were prepared in accordance with U.S. GAAP. In addition, we do not intend to provide a reconciliation between IFRS and U.S. GAAP unless it is required under applicable law. As a result, you may not be able to meaningfully compare our financial statements under IFRS with those companies that prepare financial statements under U.S. GAAP.

As a foreign private issuer, we are exempt from a number of rules under the U.S. securities laws and are permitted to file less information with the SEC than a U.S. company.

We are a foreign private issuer, as defined in the SEC’s rules and regulations and, consequently, we are not subject to all of the disclosure requirements applicable to public companies organized within the United States. For example, we are exempt from certain rules under the Exchange Act that regulate disclosure obligations and procedural requirements related to the solicitation of proxies, consents or authorizations applicable to a security registered under the Exchange Act, including the U.S. proxy rules under Section 14 of the Exchange Act. In addition, our senior management and directors are exempt from the reporting and “short-swing” profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of our securities. Moreover, while we currently make annual and semi-annual filings with respect to our listing on the ASX and expect to file financial reports on an annual and semi-annual basis, we will not be required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. public companies and will not be required to file quarterly reports on Form 10-Q or current reports on Form 8-K under the Exchange Act. In addition, foreign private issuers are not required to file their annual report on Form 20-F until 4 months after the end of each fiscal year. Accordingly, there may be less publicly available information concerning our company than there would be if we were not a foreign private issuer.

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As a foreign private issuer, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from Nasdaq corporate governance listing standards and these practices may afford less protection to shareholders than they would enjoy if we complied fully with Nasdaq corporate governance listing standards.

As a foreign private issuer listed on NASDAQ, we will be subject to their corporate governance listing standards. However, NASDAQ rules permit foreign private issuers to follow the corporate governance practices of its home country. Some corporate governance practices in Australia may differ from NASDAQ corporate governance listing standards. For example, we could include non-independent directors as members of our Remuneration and Nomination committees, and our independent directors may not necessarily hold regularly scheduled meetings at which only independent members of the Board are present. Currently, we intend to follow home country practice to the maximum extent possible. Therefore, our shareholders may be afforded less protection than they otherwise would have under corporate governance listing standards applicable to U.S. domestic issuers. For an overview of our corporate governance practices, see “Management.”

We may lose our foreign private issuer status in the future, which could result in significant additional cost and expense.

While we currently qualify as a foreign private issuer, the determination of foreign private issuer status is made annually on the last business day of an issuer’s most recently completed second fiscal quarter and, accordingly, our next determination will be made on June 30, 2024. In the future, we would lose our foreign private issuer status if we fail to meet the requirements necessary to maintain our foreign private issuer status as of the relevant determination date. For example, if 50% or more of our securities are held by U.S. residents and more than 50% of our senior management or directors are residents or citizens of the United States, we could lose our foreign private issuer status.

As of June 30, 2023, approximately 2.41% of our outstanding Ordinary Shares (including Ordinary Shares in the form of ADSs) are held by U.S. residents.

The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be significantly more than costs we incur as a foreign private issuer. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive in certain respects than the forms available to a foreign private issuer. We would be required under current SEC rules to prepare our financial statements in accordance with U.S. GAAP rather than IFRS, and modify certain of our policies to comply with corporate governance practices required of U.S. domestic issuers. Such conversion of our financial statements to U.S. GAAP would involve significant time and cost. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers such as the ones described above and exemptions from procedural requirements related to the solicitation of proxies.

We are an “emerging growth company” under the JOBS Act and will be able to avail ourselves of reduced disclosure requirements applicable to emerging growth companies, which could make our Ordinary Shares or the ADSs less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act, for complying with new or revised accounting standards. We will not take advantage of the extended transition period provided under Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards.

We cannot predict if investors will find the Ordinary Shares or ADSs less attractive because we may rely on these exemptions. If some investors find the Ordinary Shares or ADSs less attractive as a result, there may be a less active trading market for the Ordinary Shares or ADSs and the price of the Ordinary Shares or ADSs may be more volatile. We may take advantage of these exemptions until such time that we are no longer an emerging growth company. We would cease to be an emerging growth company upon the earliest to occur of (i) the last day of the fiscal year in which we have more than US\$1.235 billion in annual revenue; (ii) the last day of the fiscal year in which we qualify as a “large accelerated filer”; (iii) the date on which we have, during the previous three-year period, issued more than US\$1.0 billion in non-convertible debt securities; and (iv) the last day of the fiscal year in which the fifth anniversary of our IPO occurred.

If we are a passive foreign investment company, there could be adverse U.S. federal income tax consequences to U.S. holders.

Based on the nature and composition of our income, assets, activities and market capitalization for our taxable year ended June 30, 2023, we believe that we were not classified as a passive foreign investment company, or “PFIC”, for the taxable year ended June 30, 2023. Based on the nature and composition of our income, assets, activities and market capitalization for our taxable year ended June 30, 2023, we believe that we would not be classified as a PFIC for the taxable year ended June 30, 2023. However, there can be no assurance that we will not be considered a PFIC in any past, current or future taxable year. A separate determination must be made after the close of each taxable year as to whether we are a PFIC for that year. As a result, our PFIC status may change from year to year. Our status as a PFIC will depend on the composition of our income (including whether we receive certain grants or subsidies and whether such amounts will constitute gross income for purposes of the PFIC income test) and the composition and value of our assets, which may be determined in large part by reference to the market value of the ADSs and our Ordinary Shares, which may be volatile, from time to time. Our status may also depend, in part, on how quickly we utilize the cash proceeds from our IPO in our business. Our U.S. counsel expresses no opinion regarding our conclusions or our expectations regarding our PFIC status.

Under the Code, a non-U.S. company will be considered a PFIC for any taxable year in which (1) 75% or more of its gross income consists of passive income or (2) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of these tests, passive income includes dividends, interest, gains from the sale or exchange of investment property and certain rents and royalties. In addition, for purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets and received directly its proportionate share of the income of such other corporation. If we are a PFIC for any taxable year during which a U.S. holder (as defined below in the section titled “Material United States Federal Income Tax and Australian Tax Considerations—Material United States Federal Income Tax Considerations”) holds our Ordinary Shares or ADSs, we will continue to be treated as a PFIC with respect to such U.S. holder in all succeeding years during which the U.S. holder owns the Ordinary Shares or ADSs, regardless of whether we continue to meet the PFIC test described above, unless the U.S. holder is eligible to make and makes a mark-to-market election or makes a specified election once we cease to be a PFIC. If we are classified as a PFIC for any taxable year during which a U.S. holder holds our Ordinary Shares or ADSs, the U.S. holder may be subject to adverse tax consequences regardless of whether we continue to qualify as a PFIC, including ineligibility for any preferred tax rates on capital gains or on actual or deemed dividends, interest charges on certain taxes treated as deferred, and additional reporting requirements. For further discussion of the PFIC rules and the adverse U.S. federal income tax consequences in the event we are classified as a PFIC, see “Material United States Federal Income Tax and Australian Tax Considerations—Material United States Federal Income Tax Considerations.”

If a United States person is treated as owning at least 10% of our Ordinary Shares, such holder may be subject to adverse U.S. federal income tax consequences.

If a U.S. holder is treated as owning, directly, indirectly or constructively, at least 10% of the value or voting power of our Ordinary Shares or ADSs, such U.S. holder may be treated as a “United States shareholder” with respect to each “controlled foreign corporation” in our group, if any. Our current U.S. subsidiary and any future newly formed or acquired U.S. and non-U.S. subsidiaries will be treated as controlled foreign corporations, regardless of whether we are treated as a controlled foreign corporation. A United States shareholder of a controlled foreign corporation may be required to annually report and include in its U.S. taxable income its pro rata share of “Subpart F income,” “global intangible low-taxed income” and investments in U.S. property by controlled foreign corporations, regardless of whether we make any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. Failure to comply with controlled foreign corporation reporting obligations may subject a United States shareholder to significant monetary penalties. We cannot provide any assurances that we will furnish to any United States shareholder information that may be necessary to comply with the reporting and tax paying obligations applicable under the Controlled Foreign Corporation Rules of the Code. U.S. holders should consult their tax advisors regarding the potential application of these rules to their investment in our Ordinary Shares or ADSs.

Our failure to meet the continued listing requirements of NASDAQ could result in a delisting of the ADSs.

If, after listing, we fail to satisfy the continued listing requirements of NASDAQ, such as the corporate governance requirements or the minimum closing bid price requirement, NASDAQ may take steps to delist the ADSs. Such a delisting would likely have a negative effect on the price of the ADSs and would impair your ability to sell or purchase our ADSs when you wish to do so. In the event of a delisting, we can provide no assurance that any action taken by us to restore compliance with listing requirements would allow the ADSs to become listed again, stabilize the market price or improve the liquidity of our common stock, prevent the ADSs from dropping below the NASDAQ minimum bid price requirement or prevent future non-compliance with NASDAQ’s listing requirements.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

Our legal and commercial name is Advanced Health Intelligence Ltd. We were incorporated on October 1, 2014 as “Shrinkme Pty Ltd” under the Australian Corporations Act 2001. On February 17, 2015, we changed our name to “MyFiziq Pty Ltd” and on June 12, 2015 we changed our name to “MyFiziq Limited” and accordingly changed our status to a public company. On March 5, 2021, we changed our name to “Advanced Human Imaging Ltd.” On December 8, 2022, we changed our name to “Advanced Health Intelligence Ltd”.

Our registered office and our principal executive offices and headquarters are located at 71-73 South Perth Esplanade, Unit 5, South Perth, WA 6151, Australia and our phone number is +61 8 9316 9100. We maintain a corporate website at www.ahi.tech. The information in our website is not incorporated by reference into this annual report.

Recent Developments

Study and the Role of Stellenbosch University

AHI is committed to ensuring the effectiveness and accuracy of our proprietary multi-sensor data set captured via our biometric health assessment (BHA), which will be demonstrated by the initiation of a joint study with globally respected Stellenbosch University. The current phase of the study is designed to rigorously test and evaluate the capabilities of AHI’s BHA, which encompasses a contactless method using only a smartphone and multi-sensor method to create an impressive 61 health outputs, resulting in 41 biometric captures across five significant health and disease categories – cardio-respiratory, body composition, estimated blood biomarkers, metabolic health and mental health.

To undertake this crucial process, AHI has selected Stellenbosch University, renowned for its exceptional research history and extensive expertise in healthcare. The university’s sterling reputation and scientific rigor make them an ideal collaborator for this and future studies. With their profound knowledge and commitment to excellence, Stellenbosch University brings invaluable insights and a meticulous approach to the verification of our biometrically driven outputs which have been captured and computed using four sensors exclusively on a smartphone – no additional equipment or medical professional required.

We are pleased to share that significant progress has already been made in the initial phase of the study. In fact, the initial phase involved testing AHI’s BHA on the first 20 subjects, yielding some highly valuable correlative biometric data sets and promising results. Across the 20 subjects, 18 of which, we have observed clinical relevance, affirming the efficacy and accuracy of our technology in stratifying biometric health risk utilising a completely non-invasive and contactless method.

This remarkable achievement underscores the robustness and reliability of our sensor set, and it reinforces our confidence in the transformative potential of our smartphone-based biometric health assessment. The relationship with Stellenbosch University further strengthens the credibility and reliability of our technology, instilling confidence in the broader healthcare community.

As the study progresses, we remain committed to ensuring the highest standards of scientific rigor and meticulousness. By subjecting our multi-sensor capture to rigorous testing and evaluation, we aim to establish a solid foundation for its widespread implementation and adoption globally. This collaborative effort will contribute to shaping the future of healthcare and reinforce our position as a trusted provider of cutting-edge health technology solutions.

FDA Submissions Underway

AHI has made an initial submission to the FDA by section 513(g). The purpose of a Section 513(g) submission is to obtain clarification on the regulatory pathway for a medical device. This will provide AHI with the appropriate guidance from the FDA before submitting a formal application. The FDA is currently reviewing the request and AHI is awaiting written feedback.

The current submission is seeking categorisation of the AHI BodyScan to be specifically used in the identification and tracking of obesity. AHI's long-term strategy is to seek FDA approval for the BHA under a 510K software as a medical device category. The Stellenbosch study will provide valuable data that will form part of these submissions.

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NASDAQ cures listing price deficiency and regained compliance

On July 14, 2023, the Company advised the market that as the Company's ratio change has taken effect, the ADSs have traded well above the US\$1.00 for more than ten consecutive business days, NASDAQ staff wrote to the Company advising that its non-compliance had now been cured and the Company was now in full compliance with the NASDAQ continued listing rules.

AHI Signs Exclusive License with Changlin Network Technology Ltd

On August 4, 2023, Advanced Health Intelligence informed shareholders that the Company has executed a binding exclusive, perpetual license with Shanghai-based Changlin Network Technology Ltd ("Changlin").

Shanghai-based Changlin Network Technology and Advanced Health Intelligence have worked together over the past 90 days, collaborating on the terms and commercial aspects of the exclusive license for The Peoples Republic of China. Changlin was initially founded in 2019 by Cecilia Qiao and Russell Bateman, collectively bringing over 50 years' experience in the health insurance sector spanning the globe and particularly mainland China. Using the "China 2030 health initiative" as its cornerstone, Changlin was established as a specific vehicle to implement transformational technologies. Now, Changlin will direct its resources to commercialise and bring AHI's innovative, scalable digital healthcare solutions to the People's Republic of China at scale. This creates the foundation of rapid growth and reflects its mission to transform the country's healthcare landscape through the power of advanced digital technology.

Changlin identified AHI's innovative technology in 2019 when attending a demonstration by AHI with China's 3rd largest Insurance company, China Pacific Insurance Company, CPIC. Changlin's strategy is to leverage AHI's technology through the support and initiatives the Chinese Government is encouraging with a need to improve the population's health and healthcare accessibility. The Chinese government has initiated a comprehensive policy to actively encourage and foster innovation in the healthcare sector, with an emphasis on inviting local Chinese companies to scout, partner with, and bring cutting-edge technologies from around the globe. This strategic move aligns with the government's vision to advance healthcare services and improve patient care in China. It underscores China's commitment to modernise its healthcare system and infrastructure, accelerate digital health transformation, and, in doing so, meet the evolving health needs of its population. China is paving the way for a healthier and technologically advanced future by inviting global health innovation.

The intention is to provide individuals with AHI's Biometric Health Assessment via the Changlin platform or application, identifying commonly known chronic disease indicators to triage the individual into the appropriate care pathways.

The broad commercial terms of the license with Changlin Network Technology Ltd are:

1. Changlin is to pay AHI US\$10 million within 90 days from the execution date of the agreements for the exclusive and perpetual right to AHI's technology ("**Upfront License Fee**"). Changlin is in the process of obtaining finance to pay the Upfront License Fee, following which approval from the State Administration of Foreign Exchange of China ("**SAFE**") will be sought.
2. Following the receipt of SAFE approval, the Upfront License Fee will be paid, and AHI will grant Changlin the license.

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3. This period may be extended by mutual agreement.
4. Changlin will pay AHI an annual license fee of US\$5 million in addition to any revenue share.
5. AHI will receive a 25% revenue share of Changlin's gross sales. This revenue share will be paid quarterly in arrears.
6. The agreement contains standard termination clauses as is customary in such arrangements.
7. Changlin will localise the intellectual property (IP) and, if necessary, develop its own IP related to the licensed technology.
8. Changlin may only commercialise the technology within the People's Republic of China.
9. Should Changlin create IP that AHI wishes to offer outside of China, AHI retains the unrestricted right to do so in all other jurisdictions globally.
10. Changlin has been granted a 120-day standstill period during which AHI will not offer, sell, or enter negotiations with other parties within China.
11. AHI will initially hold shares in Changlin of 50%.
12. Changlin is targeting an initial public offering in 2024 (IPO); in such an event, AHI will maintain up to 25%, but not less than 20%, of its common shareholding in Changlin at the IPO.

AHI signs collaboration agreement with IntelliGen FZ-LLC

The collaboration between AHI and IntelliGen represents a ground-breaking initiative to address the pressing healthcare challenges in the Middle East, particularly in Saudi Arabia. This partnership combines AHI's advanced technology with IntelliGen's deep understanding of in-country needs and its founders' extensive experience in healthcare provision and government collaboration.

At the heart of this collaboration is the purpose-focused digital health platform designed to tackle the nation's high rates of chronic disease. The platform's primary goal is to shift the healthcare paradigm from reactive to proactive, focusing on early identification and intervention of chronic diseases rather than episodic care when the problem has already manifested

Digitising healthcare is the key to making this shift. By leveraging IntelliGen's and AHI's integration of these cutting-edge technologies, we can collect, analyse, and interpret health data on a scale never before possible. This enables healthcare providers to identify at-risk individuals, monitor disease progression, and intervene at the earliest identifiable juncture. By doing so it will enable the introduction of proper care pathways before a health event happens, ultimately improving patient outcomes and overall healthcare efficiency.

IntelliGen is delivering a purpose-specific digital capability for the Saudi 2030 Health Initiative, which aims to revolutionise healthcare across all sectors. The Health Sector Transformation Program, a key component of this initiative, seeks to establish a comprehensive, effective, and integrated health system that prioritises the health of individuals and society, including citizens, residents, and visitors

The broad commercial terms of the Collaboration Agreement with IntelliGen FZ-LLC are:

1. The agreement was made between IntelliGen Solutions FZ-LLC, a company incorporated under the laws of the Dubai Development Authority, and Advanced Health Intelligence Ltd (AHI),

2. The initial term of the agreement will be for 12 months from the effective date and will automatically extend annually unless terminated by either party with 30 days' notice prior to the end of the initial term.

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3. The partnership aims to establish AHI's presence within both governmental and private entities across the Middle East, mainly focusing on Saudi Arabia. The goal is to commercialise AHI's technology through IntelliGen Solutions.
4. AHI UAE will form a Special Purpose Vehicle (SPV) to pursue commercial opportunities introduced by IntelliGen Solutions.
5. IntelliGen will receive a revenue share from all opportunities introduced by IntelliGen.
6. Revenue share will be calculated as 50% of revenue above AHI base commercial offering.
7. The Agreement can be terminated by mutual agreement upon 90 Days written notice or with cause.

AHI signs Letter of Intent with UniSure Group

On September 23, 2023, AHI informed shareholders of the signing of a Letter of Intent ("LOI") with Unisure Group ("Unisure"). Unisure and AHI have executed a Letter of Intent to develop and deploy a world-first digital underwriting solution utilising AHI's revolutionary smartphone-based biometric health risk assessment. The intent of the relationship is to create a series of innovative insurance offerings by leveraging AHI's technology with SCOR's wealth of Reinsurance knowledge to service the global retail insurance market. Partnering with Unisure and SCOR presents a unique opportunity that will utilise the proprietary AHI digital blood biomarkers and phenotypical data combined with insurers' rich actuarial and underwriting data to develop and design new digital underwriting solutions.

AHI signs collaboration agreement with Bin Farhood International Business Management Group LLC

On September 12, 2023, AHI informed shareholders of the signing of a Collaboration Agreement with Bin Farhood International Business Management Group LLC ("Bin Farhood Group"). Under the Collaboration Agreement, the Bin Farhood Group will act as an introductory agent for AHI to government and private organisations throughout the Middle East and North Africa region that might use and commercialise the AHI technology, and/or invest to support AHI's endeavours.

Our capital expenditures for 2023, 2022, and 2021 amounted to approximately \$171,557, \$86,269 and \$23,453, respectively. These expenditures were primarily for IT equipment. Since the start of the 2017 financial year, AHI has incurred R&D expenses in excess of \$8.2 million, relating to the development of our applications and technologies. We intend to continue to invest in our R&D capabilities to extend our platform and bring our measurement and biometrics technologies to a broader range of applications.

B. BUSINESS OVERVIEW

Overview

AHI is committed to becoming a global leader in digital health, harnessing its proprietary technology and innovative processes to redefine health screening. Leveraging the ubiquity and convenience of smartphones, AHI aims to deliver a comprehensive suite of assessment tools to healthcare providers, caregivers, insurers, and governments around the world.

Our mission is to improve healthcare outcomes, enhance health literacy, and support the early detection and management of various health conditions.

Since our inception in 2014, AHI has been at the forefront of Health-tech innovation, starting with the world's first on-device body dimensioning capability. Our patented technology has evolved into a robust suite of solutions that symbolize the future of digitized healthcare.

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Our key offerings include:

1. Body dimension and composition assessments enabling the identification of obesity-related comorbidities such as diabetes.
2. Blood biomarker prediction, inclusive of HbA1C, HDL, LDL, and Triglycerides among others.
3. Transdermal Optical Imaging, providing vital signs and cardiovascular disease risk estimates.
4. On-device dermatological skin identification, capable of recognizing 588 skin conditions across 133 categories, including Melanoma.
5. Assisting partners in delivering personalised therapeutic and non-therapeutic health coaching to improve daily habits and build health literacy. At the heart of AHI is our world-class team comprising machine learning and AI experts, computer vision specialists, and medically trained data scientists. Their collective expertise ensures AHI remains at the cutting edge of health-tech innovation, tailoring our technology to meet the evolving needs of our consumers.

AHI's vision extends beyond individual health assessments. We aspire to create a transformative impact at scale, driving forward a new era in digital healthcare. Our biometrically derived triage solution, accessible via a smartphone, enables our partners to identify and manage health risks at a population scale.

In the pursuit of proactive health management, AHI stands ready to guide healthcare providers, caregivers, insurers, and governments in triaging individuals into the most suitable care pathways. Through technology, AHI is contributing to a more efficient, effective, and inclusive global healthcare system.

We have meticulously developed and patented a cutting-edge mobile phone based technology. This proprietary imaging and sensor set capability is designed with a specific focus on the identification and assessment of known risk markers related to chronic diseases. Using only a smartphone, users can privately check, track, and accurately evaluate their body dimensions and potential health risks associated with chronic conditions.

Our global partners, who span sectors such as mobile health ("mHealth"), Telehealth, Wellness, Life and Health Insurance, and Governments utilize our technology through our proprietary SDKs. These partners have extensive audiences, and individual users ("User(s)") can access our innovative technology components embedded within the partners' software programs and apps. The emphasis of BodyScan on chronic disease risk identification sets it apart as a vital tool in modern health management.

AHI has pioneered the development of the Biometric Health Assessment (BHA), a transformative digital tool designed to revolutionize patient care by focusing on the early identification and intervention of chronic disease risk. Grounded in decades of medical and scientific research, the BHA leverages a proprietary combination of multiple sensor sets integrated within the smartphone interface, offering a comprehensive and holistic approach to health assessment.

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This innovation minimizes human error and provides accurate, low-cost, and reliable data accessible to the majority of the world's smartphone users. By capturing and analyzing a wide array of biometric data, including vital signs, body fat percentages, and estimated blood lipid profiles, healthcare professionals can detect early warning signs of chronic diseases such as cardiovascular conditions, diabetes, respiratory disorders, and mental health disorders.

The importance of early identification cannot be overstated. It promotes timely interventions like lifestyle modifications, targeted treatments, and preventive measures, significantly slowing the progression of chronic diseases. This proactive approach not only enhances individual health outcomes but also results in substantial cost savings for both private and public payors of healthcare, potentially saving billions of dollars in healthcare costs.

AHI's commitment to augmenting healthcare is evident in our technology's design, which aims to work in harmony with existing care providers and systems. Our technology does not seek to replace medical practitioners but rather empowers them with accurate and comprehensive data, enabling more informed decisions and personalized care. The integration of our sensor sets within the mobile phone interface allows for seamless health assessing, screening, and monitoring, enhancing the capabilities of healthcare professionals rather than replacing them.

Smartp



BodyScan

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



Face

Vital s
cardio
health
and he

Health Risks

Obesity

T2 Diabetes ²

Metabolic Syndrome ¹

Central Obesity

Risk Indicators

Waist-Hip

Waist-Height

BMR

FFM

LBM

Accuracy, Validation ³

97.5%

AVG ACCURACY

98%

REPEATABILITY

Body Composition

Total Body Fat

Circumference

Chest

Waist

Thigh

Hips

Validation

Weight Prediction

Health Risks

CVD

Heart Attack

Stroke

Health Indicators

IHB

HRV

Cardiac

Hypertension

Hypotens

Accuracy, Validation ¹

99%

HEART
RATE

95%

BLOOD
PRESSURE

REP

The above images illustrate the various AHI technologies.

Recent technology advances have provided opportunities for complex mathematical problems to be solved directly on a User's smartphone, rather than limiting that computation to the Cloud. Modern devices produced by companies such as Apple, Samsung and Google now have AI-focused chipsets utilizing platforms such as CoreML and Tensorflow to process data at lightning speeds. We see the opportunity to harness these ongoing technology improvements to lower latency, increase security and privacy, improve reliability and reduce operational costs of our core services. Our overarching technology strategy has been to take advantage of this hardware-accelerated performance, specifically by utilizing on-device general purpose Graphic Processing Units ("GPU") found on today's modern devices.

In Cloud-based systems, data transfer/retention is a potential impediment. Data must be sent to, and then processed in, the Cloud, thus adding additional latency and disclosure risk to the overall process. On-device computing eliminates the necessity of a roundtrip to the Cloud and permits near zero-latency. This process greatly improves User experience and allows for near real-time interaction with the service. Running directly on-device additionally negates the side-effects of Cloud-based interference. In areas where connectivity is sub-optimal, such as rural areas, having analytic models on-device means that processing results can be generated locally, quickly and securely.

As sensitive data does not need to be sent or maintained in the Cloud, there are fewer opportunities to exploit any potential vulnerabilities, thereby providing increased security and privacy for Users. This security is critically important in a world where data sovereignty, residency, and retention are a major concern for Users and under increased protective global legislation.

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By focusing on leveraging the estimated 3.7 billion devices capable of running AI inference and analysis on-device, we are able to slash the costs associated with Cloud-based analytics and inference, bandwidth and retention/storage concerns. As our user base scales, implementing machine learning on-device will mitigate the expense of expertise and time needed to implement and maintain a Cloud-based solution.

We believe that our technology is unique and has been independently validated for accuracy and repeatability by doctors and professors from leading universities and research organizations around the world, including Professor Timothy Ackland PhD, Professor of Applied Anatomy and Biomechanics, The University of Western Australia, Dr. Erwin Christianto MD MSc, Physician & Clinical Nutrition Specialist, Eka Hospital Pekanbaru Indonesia, and Dr. Alisa Nana PHD, Sports Science and Technology Mahidol University Thailand.

With the increased requirement of medical surveillance and remote healthcare services due to the COVID-19 pandemic, we have strategically acquired, partnered and invested into the expansion of our information capturing capabilities with the addition of vital signs data (*FaceScan*) using transdermal optical imaging ("TOP") allowing AHI to develop a *Health Risk Assessment Report* which provides an expanded risk assessment to individuals via our technology partners through the Vertica acquisition.

Business Model

We operate a business-to-business ("B2B"), Digital Health as a Service ("dHaaS") model and revenue is generated on both a subscription basis as well as on demand-use basis. The overall mercantile business model is one-to-one-to-many, whereby our sales channel customers are business Partners who have the relationship with the end User, and whereby our technology is embedded into our Partner's application that is made available to the Users on terms set by those two parties, thereby allowing User privacy data on the User smartphone and agreed data retention in the Partner's ecosystem. We believe this B2B, dHaaS model enables lower overhead and allows AHI to leverage our Partners' sales forces in an efficient and economical way. Our go-to-market strategy makes our business model highly scalable without the need for large corporate overhead, which cost-saving element will help to facilitate better

operating margins as we increase the number of our Partners and as they scale the number of their Users. We have a pricing model which can be adjusted downward depending on scale (User volume) undertaken by the Partner.

Our technology has been both designed and developed to augment Partner applications via white label applications or individual SDKs, enabling rapid integration opportunities for both native and hybrid solutions. Through the licensing of the use of our technology, Partners have the ability to effortlessly select the appropriate SDK components and then to customize these solutions to fit their own brands and needs. The Partner's public cloud provider manages all of our Partners' hardware and traditional software, including middleware, application software, and security. Accordingly, our offering allows flexibility and pricing scale reductions for our Partners as their User scale increases. AHI works with its Partners on the contractual remuneration and service basis involving a per-use, up front block pricing, annual subscription or license fees. This choice is determined with the Partner at the time of engagement depending on the use case and User volume provided by the Partner.

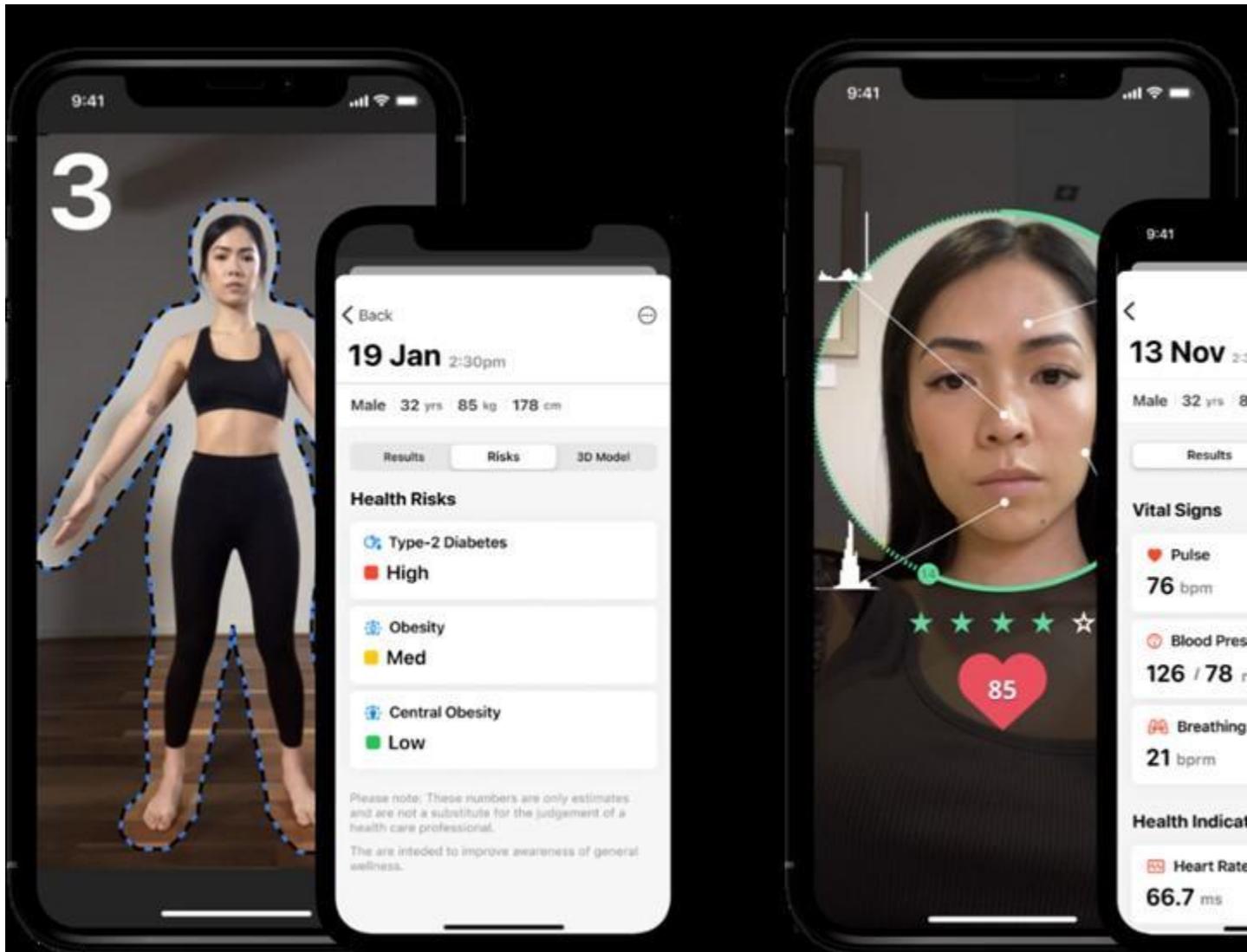
We are selective in our choice of sales channel Partner, favoring companies who have a global outreach with large pre-existing User bases. When identifying a potential Partner, we take into account the current digital environment developed by the Partner and its applicability to the SDK offering we have developed. We also consider other factors such as available user base, market reach and time-to-market with the Partner's digital team.

MultiScan Platform Capability

AHI offers a growing suite of human scanning solutions using a smartphone. This MultiScan Platform, called *CompleteScan*, currently includes *BodyScan*, *FaceScan*, and *DermaScan*.

Our MultiScan SDKs are embedded inside a Partner's smartphone application(s) on both iOS and Android platforms to facilitate this multi-scan approach.

The MultiScan SDKs simplify many actions: User authorization, registering billing events, downloading remote assets, starting a new scan, returning results, and payment registration, all from a single interface/abstraction layer. These functions ensure that scans are easily integrated and correctly billed based on contractual agreements.



The above guide images various screens of the MultiScan suite.

Key MultiScan Technology Components

- *BodyScan*, supplied via our patented technology, provides body circumference, body composition (total body fat %), and specific health indicators relating to (including Type 2 Diabetes risk, as well as obesity and central obesity risk) which have a direct correlation to the chronic diseases we wish to assist our partners in managing.
- *FaceScan*, supplied by a license with NuraLogix Corporation (“NuraLogix”), provides vital signs data, including blood pressure and heart rate, as well as health indicators, including cardiovascular disease risk, heart attack risk, and stroke risk. We have a technology use agreement and a reseller agreement with NuraLogix for the sale and distribution of our combined offering.
- *DermaScan*, supplied by a license with Triage Technologies Inc (“Triage”), provides skin disease detection for over 588 skin conditions across 133 major categories. Triage’s software application was approved as a class I medical device by Health Canada in June 2020. In April 2021, Triage received confirmation of medical device status in the European Union (EU) and is a CE marked medical device according to the Medical Devices Directive 93/42/EEC. Triage expects to seek FDA approval for its software application in the future.

When combined into the *CompleteScan* platform, the AI dermatology engine of Triage will be branded *DermaScan* and can be deployed to mobile devices to scan skin surface and then to assess the relevant skin conditions with simple images taken with that smartphone application. *DermaScan* is a software application using artificial intelligence to perform patient-specific analyses of skin conditions. *DermaScan* is intended to be used as a second opinion tool for healthcare professionals to support the diagnosis of skin conditions but does not provide a definitive diagnosis. A definitive diagnosis should only be performed in a healthcare professional's environment with the patient present. User error can potentially lead to limitations of the product, as *DermaScan* requires good quality images of the skin condition the User is analyzing as well as a series of questions to be answered specific to the User and the skin condition in question. It is important the user provides images of good quality and accurately provides information as prompted to do so. Accuracy of services will vary depending on the quality of image presented as well as the quality of this information provided.

Biometric Health Assessment

Advanced Health Intelligence (AHI) has pioneered the development of the Biometric Health Assessment (BHA), a transformative digital tool designed to revolutionize patient care by focusing on the early identification and intervention of chronic disease risk. Grounded in decades of medical and scientific research, the BHA leverages a proprietary combination of multiple sensor sets integrated within the smartphone interface, offering a comprehensive and holistic approach to health assessment.

This innovation minimizes human error and provides accurate, low-cost, and reliable data accessible to the majority of the world's smartphone users. By capturing and analyzing a wide array of biometric data, including vital signs, body fat percentages, and estimated blood lipid profiles, healthcare professionals can detect early warning signs of chronic diseases such as cardiovascular conditions, diabetes, respiratory disorders, and mental health disorders.

The importance of early identification cannot be overstated. It promotes timely interventions like lifestyle modifications, targeted treatments, and preventive measures, significantly slowing the progression of chronic diseases. This proactive approach not only enhances individual health outcomes but also results in substantial cost savings for both private and public payors of healthcare, potentially saving billions of dollars in healthcare costs.

AHI's commitment to augmenting healthcare is evident in our technology's design, which aims to work in harmony with existing care providers and systems. Our technology does not seek to replace medical practitioners but rather empowers them with accurate and comprehensive data, enabling more informed decisions and personalized care. The integration of our sensor sets within the mobile phone interface allows for seamless health assessing, screening, and monitoring, enhancing the capabilities of healthcare professionals rather than replacing them.

What is a Biometric Health Assessment, and how does it work?

A Biometric Health Assessment (BHA) is an innovative process developed by Advanced Health Intelligence, leveraging smartphone capabilities to evaluate an individual's health. Here's how it's done:

NB: As the methodology and data convergence used by developed by AHI is proprietary, we are unable to share exact metrics used however, here is the stepped process.

1. **FaceScan:** The process begins with facial scans, aiming to determine the probability of an individual's blood pressure risk zones. Alongside this, the BHA gathers data like demographic information, family history of diseases, daily activity intensity, chronic medication usage, and smoking status.
2. **Using a Photoplethysmogram or PPG, Resting Heart Rate Measurement:** In this stage, the user's resting heart rate is captured while in a supine position, helping in evaluating the baseline heart health.

3. Using BodyScan: Body Composition Analysis: The smartphone conducts a body scan during this phase, measuring aspects like body fat percentage, waist and hip circumference. These measurements give an understanding of the individual's body composition.
4. Cardiovascular Fitness Evaluation: This step involves a three-minute step test, followed by a heart rate measurement using the smartphone. It helps in assessing cardiovascular fitness levels.
5. Comprehensive Analysis and Assessment: After the data collection, a complete evaluation is performed, offering estimates on various health metrics such as cholesterol levels, HbA1c, CRP, fitness-based risks, and more. This information is backed by peer-reviewed scientific publications and real-world testing, making it highly credible.
6. Health Risk Assessment Report (HRA) provides an expanded risk assessment to individuals via our technology. AHI has scientifically validated algorithmic assets that leverage smartphone sensor data, obtainable in conjunction with AHI's *BodyScan* and *FaceScan*, to produce a range of additional measures related to human mortality and morbidity risk. By leveraging these combined captures, we are able to model metabolism and metabolic syndrome progression. These measures include, digital blood lipid biomarkers (Total Cholesterol, LDL Cholesterol, HDL-C Cholesterol, and triglyceride levels), inflammation biomarker, C-reactive protein, visceral adiposity index (VAI), lipid accumulation product (LAP), cardiorespiratory fitness, fasting blood glucose, an estimated number of metabolic syndrome components present in the individual, brachial-ankle pulse wave velocity (which is a measure of cumulative damage of the circulatory system), and 10-year cardiovascular disease risk.

The BHA is a multi-step process that employs facial scanning, heart rate measurements, body composition analysis, and cardiovascular fitness tests. It offers an in-depth and scientifically grounded view of an individual's health status through complex algorithms supported by extensive testing and research. It's an exciting integration of technology with healthcare, offering accessible and personalised insights right from a smartphone.

DermaScan

AHI has also further expanded into a dermatological AI platform which provides information to identify and assess 588 known skin conditions across 133 categories (*DermaScan*). *DermaScan* is a software application using artificial intelligence to perform patient-specific analyses of skin conditions. *DermaScan* is intended to be used as a second opinion tool for healthcare professionals to support the diagnosis of skin conditions but does not provide a definitive diagnosis. A definitive diagnosis should only be performed in a healthcare professional's environment with the patient present. User error can potentially lead to limitations of the product, as *DermaScan* requires good quality images of the skin condition the User is analyzing, as well as a series of questions to be answered specific to the User and the skin condition in question. It is important the User provides images of good quality and accurately provides information as prompted to do so. Accuracy of services will vary depending on the quality of image presented as well as the quality of this information provided.

Patented Technology

Our patented technology is the on-device image capture and data processing capability of *BodyScan* and each of our technology providers has its own set of patents.

Significant research and development ("R&D") efforts by AHI have gone into optimizing, testing, and developing proprietary technology to work within smartphones' confines. This R&D includes analyzing and processing phone sensor data, downloading assets remotely to reduce the initial resource size, utilizing hardware acceleration, and implementing machine learning libraries, such as TensorFlow and CoreML.

The result is software that runs on the device without sacrificing speed, security, or privacy. Images and private information do not leave the device without explicit consent from the User to the primary app provider, ensuring global security and privacy concerns are met.

Data Points, Health Risks, and Health Indicators

Each scan returns a unique set of data which is categorized into three layers based on the type of data.

Layer 1 – Individual Data Points

These are the direct outputs from a scan, such as body circumference, diastolic and systolic blood pressure, and heart rate.

Layer 2 – Derived Data

Derived Data is a formula or equation applied to one or more data points. These are labeled “Health Indicators” and include waist-hip ratio, waist-height ratio, and a combined systolic/diastolic blood pressure result.

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Layer 3 – Contextual Data

Contextual Data combines individual data points and derived data with a publicly available dataset or study used to predict health risk categorization. Examples include Type 2 Diabetes, Obesity, Hypertension, and Cardiovascular Disease.

As part of the partner integration progress, a data review is conducted to determine what scans and data are required. Documentation is provided to partners throughout this process to explain key concepts, including validation of measurements, disclaimers, research and studies, and understanding risk categorization.

It is important to note that the various scans offered within the MultiScan platform are not offered as a medical device nor as a pure diagnostic; moreover the image and data captures supply individualized data to the Partner in regard to their Users. Depending on the manner in which the Partner utilizes this data for health risk assessment will determine the Partner’s requirement to meet regulatory approvals in their operating jurisdictions.

How *BodyScan* Works

BodyScan’s image capture involves taking multiple front and side images of the individual. This process involves entering some basic personal details, such as height, weight, and gender, following a built-in guide provided upon setting up the phone, and then initiating a 10-second countdown for both the front and the side images. Images are processed on the phone and deleted upon the conclusion of the session.

This process is referred to as a “*BodyScan*” or a “Full Body Selfie”. The capture process utilizes “burst mode” or continuous shooting capabilities available in most cameras, and smartphones take multiple images using a timer.

The Vertica Acquisition

With the recent acquisition of Vertica, we believe that AHI has vertically positioned itself within the end User value stack, positioning AHI more attractively to global health technology companies currently acquiring digital health assets, through increased data capture within the risk identification stream, and by demonstrating a deeper set of proven data insights.

The *Health Risk Assessment Report (HRA)* provides an expanded risk assessment to individuals via our acquisition of Vertica. Vertica has created some scientifically validated algorithmic assets that leverage smartphone sensor data, obtainable in conjunction with AHI's *BodyScan* and *FaceScan*, to produce a range of additional measures related to human mortality and morbidity risk. By leveraging Vertica's clinical and scientific experience, Vertica has integrated a multitude of prominent international peer-reviewed research publications towards causally understanding and modelling human lipid metabolism and metabolic syndrome progression. These measures include, digital blood lipid biomarkers (Total Cholesterol, LDL Cholesterol, HDL-C Cholesterol, and triglyceride levels), inflammation biomarker, C-reactive protein, visceral adiposity index (VAI), lipid accumulation product (LAP), cardiorespiratory fitness, fasting blood glucose, an estimated number of metabolic syndrome components present in the individual, brachial-ankle pulse wave velocity (which is a measure of cumulative damage of the circulatory system), and 10-year cardiovascular disease risk.

Health Risk Assessment

This Health Risk Assessment contains estimations related to potential health risks. It is not intended to diagnose, treat, cure or prevent disease.

Age: 41 | Height: 173.0 cm | Weight: 65.0 kg | Biological Sex: Female | Smoker Status: Never

Cardiorespiratory Health

Resting Heart Rate - Estimated Risk

High Resting Heart Rate increases your long-term risk of cardiovascular disease and immediate risk for irregular heart rate, inflammation, or infection. Biological sex and age are both important factors that can influence resting heart rate.

Good Resting Heart Rate

Cardiorespiratory Fitness - Estimated Risk

Cardiorespiratory fitness is the ability of the heart and lungs to deliver oxygenated blood to support working muscles during exercise. It is measured as VO2 max, which is the maximum amount of oxygen a person can consume during exercise.

Good Fitness Level

10-year CVD Risk

The 10-year Cardiovascular Disease (CVD) Risk is based on resting heart rate, BMI, age, gender, smoker status and published long-term studies.

Low Estimated Risk

10-year Framingham CVD Risk

The Framingham Study is a long-term, cross-generational cardiovascular study that began in 1948. Using the Framingham Coronary Heart Disease Risk Score, it will estimate the risk of a Heart Attack in 10 years.

Low Estimated Risk

Arterial Stiffness Risk

The elasticity of your arteries determine the circulation workload on your heart. Arterial stiffness increases with age, and increases the workload on the heart. Arterial stiffness is associated with increased blood pressure and insulin resistance. We estimate your Brachial-ankle pulse wave velocity (baPWV) as an indicator of arterial stiffness, used with your estimated lipid data to predict your risk for metabolic syndrome.

Low Estimated Risk

Blood Pressure Risk

Elevated Blood pressure increases your risk for cardiovascular disease such as angina, heart attack, stroke, or blocked arteries to other body parts.

Low Estimated Risk

Systolic Blood Pressure: 109mmHg
Indicates how much pressure your blood is exerting against your artery walls when the heart beats.

Diastolic Blood Pressure: 78mmHg
Indicates how much pressure your blood is exerting against your artery walls while the heart is resting between beats.

Body Composition

Body Measure - Risk Status

An elevated risk status indicates the risk of obesity, which increases your risk of developing type 2 diabetes, high blood pressure, high cholesterol and atherosclerosis, which can lead to coronary heart disease and stroke.

Moderate Estimated Risk

Waist Circumference: 78.7 cm
Waist circumference is considered a risk factor for various health conditions.

Hip Circumference: 94.3 cm
Excessive fat accumulation around the hips and thighs can increase the risk of certain health conditions.

Waist to Hip Ratio - Estimated Risk

Waist to hip ratio (WHR) risk refers to the health risks associated with the ratio of the circumference of the waist to that of the hip. A high WHR can be an indicator of excess abdominal fat, which is more metabolically active and can release harmful chemicals into the body that increase inflammation and insulin resistance.

Moderate Risk

Waist to Height Ratio - Estimated Risk

Waist to height ratio (WHtR) risk refers to the health risks associated with the ratio of the circumference of the waist to the height of an individual. A high WHtR is associated with several health conditions, including cardiovascular disease, type 2 diabetes, and certain types of cancer.

Low Risk

Body Fat Percentage - Estimated Risk

High percentage body fat increases your risk of obesity related diseases such as heart disease, high blood pressure, stroke and type-2 diabetes.

Low Risk

Body Mass Index - Estimated Risk

Body Mass Index (BMI) is a risk indicator for obesity related cardiovascular disease, high blood pressure, osteoarthritis, some cancers and diabetes.

Low Risk

Central Obesity - Estimated Risk

Central obesity is an excess accumulation of fat in the abdominal area, particularly due to excess visceral fat.

Low Risk

Visceral Adiposity - Estimated Risk

Excessive visceral fat results from a lack of exercise and excessive food intake and is stored deep inside the body, around your organs. This is an indicator of your cardiometabolic risk based on your sex, body composition and blood lipidology.

Low Risk

Lipid Accumulation Product - Estimated Risk

The over-accumulation of lipids in your muscles and liver increases your risk of type 2 diabetes and heart disease.

Low Risk

Blood Biomarkers

Blood Lipid - Estimated Risk

Blood lipid risk refers to the likelihood of developing cardiovascular high levels of certain types of fats, or lipids, in the blood. The most associated with CVD risk are cholesterol and triglycerides.

Normal

Total Cholesterol - Estimated Risk

Total Cholesterol is a measure of all your blood cholesterol components risk of heart disease.

Low Risk

LDL-cholesterol - Estimated Risk

LDL cholesterol, also known as "bad" cholesterol, is a type of cholesterol that contributes to the formation of plaque in the arteries and increase the risk of your LDL-C concentration, the lower your risk.

Low Risk

HDL-cholesterol - Estimated Risk

HDL cholesterol, also known as "good" cholesterol, is a type of cholesterol that helps to remove excess cholesterol from the bloodstream and may protect against disease, and prevents LDL buildup in the arteries.

Low Risk

Triglycerides - Estimated Risk

Triglycerides are a type of fat found in the blood that the body uses for energy. High levels can increase the risk of stroke, heart attack, and heart disease. Triglycerides are also an indicator for metabolic syndrome.

Low Risk

Inflammation - Estimated Risk

An elevated inflammation risk status means you could be at risk for inflammation or an infection and can indicate increased risk for heart disease and cancer.

Low Risk

CRP estimate: 0.4%
C-reactive protein in your bloodstream is an indicator of inflammation.

Blood Sugar - Estimated Risk

Blood sugar risk refers to the likelihood of developing high or low blood sugar levels, which can lead to various health complications, including diabetes, heart disease, and kidney problems.

Normal

HbA1c Estimate: 4.0%
An estimation of % HbA1c in your bloodstream is an indicator of blood sugar control.

Improved Customer Acquisition - Clients are looking to stratify the use of the different AHI measurement capabilities that have never been available to optimize accuracy, cost and accessibility via a mobile device.

FaceScan

AHI has a non-exclusive license to embed and to distribute the NuraLogix transdermal optical imaging (TOI™) capabilities, which has been adapted and embedded within the MultiScan platform as the AHI *FaceScan*. NuraLogix has developed patented technology which utilizes the visual capturing capability of a digital camera to take a 30 second video of the blood flow, in an individual's face, to determine a wide range of physiological and health related parameters such as: heart rate, heart rate variability, blood pressure, stress, cardiovascular disease risks and much more. AHI currently uses the underlying TOI technology via the smartphone camera to extract blood flow information from the translucent skin of a person's face. This information is then processed by advanced machine learning algorithms residing on the cloud-based Affective AI (Artificial Intelligence) Engine called *DeepAffex™*.

Our *BodyScan* image dimensioning capabilities have been combined with *DeepAffex* and TOI to provide a total health screen from a smartphone. The combined digital capabilities of the two companies provides a health screen that can be used by Users/individuals between the ages of 15 – 120 years. The non-invasive, combined solution delivers a far greater suite of risk identification than the User would obtain as individual offerings, and all of this information is processed with complete privacy to the User, culminating in that individual being given information and/or assessments on multiple levels: blood pressure, stress levels, heart rate, heart rate variability, irregular heartbeat, respiratory rates, total body fat, waist to height ratio, waist to hip ratio, cardiovascular disease risk, Type 2 Diabetes risk, stroke risk, obesity/central obesity risk, and metabolic syndrome risk.

The resulting data provides the individual User with the opportunity to understand their personal exposure to these diseases that, according to the WHO fact sheet dated September 16, 2022 titled "Noncommunicable Diseases," cause up to 74% of deaths globally each year, not including the current pandemic.

Our team, with its 'on-device' expertise, intends to advance the AI engine of NuraLogix to be an on-device, ready-to-use application for Users.

DermaScan™

AHI has a non-exclusive license to embed and to distribute the Triage AI-assisted capabilities, which have been embedded into the AHI on-device camera capabilities and trademarked as *DermaScan*. The advanced dermatological AI system can accurately identify skin conditions from images in seconds. The technology received a U.S. patent for its system in December 2020, with further jurisdictions anticipated to follow.

The AI engine identifies 588 skin conditions in 133 major categories. Importantly, the application can identify all categories of skin cancers. The system covers 133 categories of skin conditions, which covers 99% of the common global dermatological conditions market, and have been built and validated in consultation with leading academic institutions and dermatologists around the world, including Dr. Lisa Kellett (DLK on Avenue, Canada), Dr. Sandy Skotnicki (University of Toronto, Canada), and Dr. Adam Mamelak (Sanova Dermatology, United States). The technology was approved as a class I medical device by Health Canada in June 2020. In April 2021, the technology also received confirmation of medical device status in the European Union (EU) and is a CE marked medical device according to the Medical Devices Directive 93/42/EEC. It is intended to support patients in the early detection as well as monitoring of skin conditions. *DermaScan* is also intended to be used as an early identification tool to support healthcare professionals in the early identification and diagnosis of skin conditions. This then leads to a definitive diagnosis in consultation with a healthcare professional with the patient.

Under the binding Terms Sheet, which was announced on the ASX on October 8, 2020, Triage will license us the Triage AI engine, and the companies will work together to integrate Triage's technology the *CompleteScan* platform, which also includes NuraLogix's *FaceScan*, and our *BodyScan*. Our team, with its 'on-device' expertise, intends to advance the AI engine of Triage to be an on-device, ready-to-use application for Users.

Triage Agreement

On December 3, 2020, AHI reached an agreement to make a strategic technology investment of US\$6 million in Triage over a 14-month period, subject to shareholder approval, (US\$3 million in cash and US\$3 million in our Ordinary Shares), as part of a strategic plan to expand our service offering. Under the terms of a binding Terms Sheet, all formal documentation for the transaction have been concluded, including, the technology distribution license,

shareholder agreements and subscription agreements. The completion of these agreements were announced to the ASX on April 19, 2021.

Application of Our Platform Technology to Multiple Business Segments

We have developed a MultiScan product strategy called *CompleteScan* comprised of: *BodyScan*, *FaceScan*, and *DermaScan*, which unlocks a multitude of biometric markers and risk indicators that enables us to generate new layers of data and cover a full spectrum of indicators for care including, but not limited to, cardiovascular, dermatological and chronic disease identification and prevention. We have designed this multiplatform with flexibility at its core, enabling each type of scan to be implemented either separately or in combination, depending on the partner's and the user's specific requirements. We believe that, due to our diverse and expansive offering, the company does not suffer from seasonality in regard to its use or appeal.

Examples of partner-specific requirements by business segment are below:

mHealth, Telehealth and Wellness:

- Capture patient/User body composition for risks and primary health markers including: Type 2 Diabetes Risk, Obesity / Central Obesity Risk, Metabolic Syndrome Risk, Cardiovascular Disease Risk, Heart Attack Risk, and Stroke Risk either directly with a care provider or via Telehealth calls.
- Capturing and tracking of obesity and patient body compositional changes, including waist circumference, waist-to-hip ratio, and total body fat changes in order to improve obesity medication adherence and engagement by enabling obesity patients to visualize the User's body dimensional changes in real-time, in conjunction with medication, and from the privacy of their own homes.
- Partner providing a patient/User with insights and virtual telehealth options where biometric markers indicate lower risk, thereby saving money for both the patients/Users and for payors, as well as helping to reduce hospital readmissions and Emergency Room visits.
- Capture biometric markers of clinical trial participants in real time using their smartphones, from the privacy of their own home or elsewhere, saving time for organizers and participants, and costs for trials as equipment and staff costs are reduced.
- Track employee risk of primary health markers from pre-medical visit and throughout their medical journey. When employee results indicate potential risks, targeted intervention programs can then be provided that are unique to the employee.
- Combine our body composition and biometric information with existing wearable and mobile technology to enable real time monitoring of personal risk factors and generate an interception before an accident/incident occurs, customer satisfaction declines, or an employee leaves an employer. For example, through regular *FaceScans* and *BodyScans*, the process can assist in identifying people at risk and assist them with targeted interventions to reduce their risk of musculoskeletal disorders, mental health issues, as well as accidents and incidents.
- Offer health promotions and challenges specific to employee body composition, biometric information and health / fitness / wellness goals.

It is important to note that mHealth is primarily an on-device screening tool that can demonstrate that there is a risk related to various health conditions. It is not a diagnostic tool and while helpful in identifying markers of various

indications, it may not identify markers associated with other conditions. Accordingly, other health related issues may still persist if not identified by mHealth.

Life/Health Insurance:

- Capture a potential policyholder's primary health biomarkers including: Type 2 Diabetes, obesity / central obesity risk, metabolic syndrome risk, cardiovascular disease risk, heart attack risk, and stroke risk from their smartphone for underwriting processes.
- Identify at-risk insureds for whom partners can provide targeted interventions in order to lower their risks, enabling them to live longer/better, and to decrease their claim payouts from such risks.
- Offering health promotions and challenges specific to policyholders, based on body composition, biometric information and health/fitness/wellness goals.
- Provide the required data to underwrite a new or existing policy with the appropriate cover in accordance to individual health at the point of assessment.
- Remove the risk associated with inaccurate or untimely self-reported data and thereafter adjust policy cover risk.
- Underwrite dynamically with direct health information via the capture suite provided through a partner application.

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Governments and Health Agencies - Population Health

Governments around the world are grappling with the escalating costs of chronic diseases, which account for up to 86% of healthcare spending. Early intervention and detection of chronic conditions could prevent significant health events and reduce this financial burden. Leveraging technology to develop population screening capabilities can be a transformative approach in this direction.

Here's how the functionality of the AHI technology can be adapted for governmental use in early detection and intervention of chronic disease:

- Population health screening: AHI's biometric health assessment is compatible with the majority of smartphones globally offering governments, large healthcare providers and insurers to avail 24x7 access to entire populations to self-assess and risk-stratify biometric markers of the five major health categories – cardio respiratory, cardio metabolic, body composition, blood biomarkers and mental health. These categories include the major morbidity and mortality conditions of Type 2 Diabetes and cardio vascular disease. As these screening methods do not require a health professional and can be self-performed at any time we can now offer a radical increase in access to non-invasive biometric screening tools for much more screening and therefore earlier identification of risk signals triggering early intervention opportunities.
- Risk categorisation and triage: The biometric health screening results are categorised into risk tiers enabling easy to understanding of health results for the general population to prioritise health professional consultation urgency based on risk. This offers the user a self-triage insight to proactively seek out care, and, offers AHI partners the opportunity to make recommendations or facilitate actions based on the same risk-stratified results. For example offering a recommendation to seek physician consult quickly or immediately telehealth consultation. This risk based user-reporting transforms biometric risk detection into actionable insights and earlier interventions.

- **Health monitoring:** AHI health scans can be conducted in as little as 30 seconds and a full biometric assessment can be conducted in 10-15 minutes offer the ability for multiple assessment repetitions per day enabling monitoring of up to 61 health outputs on an at-least daily frequency if required. This non-invasive, smartphone administered and short duration process offers remote patient monitoring capabilities for major biomarkers of many chronic health conditions, and being digital is a far more affordable alternative to traditional physician administered, or requiring multiple additional and more cumbersome hardware devices that can be invasive. A higher frequency biometric data capture offers more acute response to therapeutic effect and treatment plans for ultimately a more personalised and efficacious healthcare.
- **Integrated and interoperable healthcare:** AHI's technology can be integrated into, and assist integration of other healthcare services for a broader and more inclusive health strategy. This provision of an accessible and efficient method of health management aligns with the global shift towards equitably accessible and personalised healthcare, empowering individuals to take control of their health and supporting healthcare providers in delivering more targeted care.
- **Economic Impact:** The ability to track biometric change is vital for individual health and has significant economic implications. Early detection and intervention can lead to substantial cost savings in healthcare, redirecting resources towards preventive care, education, and community health initiatives.

The adaptation of the AHI technology for governmental use can revolutionise the approach to finally realize accessible, affordable and effective chronic disease management. By focusing on early detection and personalised interventions, governments can enhance health outcomes and create a more sustainable and cost-effective healthcare system. The integration of these tools into existing healthcare frameworks can be a significant step towards a modern method of health management, addressing the urgent need to combat the growing burden of chronic diseases.

Market Opportunities by Business Segment

mHealth, and Telehealth

Digital technologies are becoming an essential resource for remote medicine and personalized care for individuals and groups. mHealth, Telehealth, is a large market with a reliance on the innovative technology present in smartphones becoming cheaper and more accessible to a global audience. Global companies such as Facebook, Amazon, Google, Samsung and Apple have invested heavily into their own healthcare service efforts, in addition to those from hospitals and universities. We see this business segment as pivotal given the increasing global proliferation of smartphones and the collection of data that can be linked to digital health records. Further, this field has been demonstrated across the global markets with the heavy investment currently made into the sector looking to enhance and acquire technologies which deliver these capabilities.

Telemedicine is at the forefront of innovation in this business segment, and, as a result, is redefining how the smartphone is used for remote medical consultation. For example, our *CompleteScan* solution provides our Partners with datasets to identify vital signs, medical conditions and/or to predict the early onset of chronic diseases. Our technology may help employers protect and engage their employees, which can result in improved employee retention, less sick leave, and increased return on investment. Remote preventative wellness and health monitoring plans can also be enacted.

Our products have been designed with the needs of care providers globally, who are looking for ways to remotely monitor and to assess their patients. Our technology sits at the forefront of these capabilities, and uniquely augments partner offerings, rather than compete with them, with required data features not available from any one application at this time. AHI has augmented the approach to the needs of the medical and care provider networks, by bringing the accuracy of the *BodyScan* together with the *FaceScan*. This product slate is a unique offering and a single point of data convergence across predetermined health markers using body measurements and body composition, which further

enhance vital signs via the facial scan capturing sequence. This information is all captured and delivered to Users privately and accurately via their smartphone.

Current Partners in the mHealth segment include: Bearn, Biomorphik, Nexus-Vita, NuraLogix, Tinjoy, Activate Health, BizBaz, , Inter-Psy, and Triage.

As aforementioned, mHealth is primarily an on-device screening tool that can demonstrate that there is a risk related various health conditions. It is not a diagnostic tool and while helpful in identifying markers of various indications, it may not identify markers associated with other conditions. Accordingly, other health related issues may still persist if not identified by mHealth.

Life and Health Insurance

Predictive health outcomes and dynamic insurance policy underwriting create major risks for insurers. This situation is further exacerbated by a large and prevalent obesity issue that can be inaccurate or under-reported.

Our technology allows for the upfront assessment and early identification of chronic disease markers, along with a more comprehensive view of the individual for insurers. This information enables insurers to remove misclassification of health risk from legacy BMI-dependent systems. We have also developed and grown an extensive human database across multiple continents to build our diverse, multi-ethnic computations. This work is now leading to commercial releases and expansion of our technology globally.

Current Partners in the Life and Health Insurance segment include: BCT, NuraLogix, wellteq, BizBaz, Nextmedicall, Inter-Psy, and Nexus-Vita.

Fitness and Wellness

According to a Global Wellness Institute report, fitness represents a US\$828 billion (and growing) sector of the economy across global physical activity, equipment sales, and technology, which thrives on innovation.

Our *BodyScan* can reliably and accurately measures the User's body using a smartphone, thereby offering a gateway into a consumer's home and personal health. Consumers, technology partners, personal trainers, fitness platforms and outlets are now able to track changes across their consumers' physiques. This data is ideal for use during the critical path an individual undertakes when trying to improve or monitor their fitness. The ability to collect and accurately track measurement data has long been a function of a weight scale or an appraisal by a fitness professional. The ability to check, monitor and track personal dimensions via a mobile phone is convenient, cost effective and now accurate. Our technology allows all Users this convenience from the palm of their hand.

We further enhance this data by unlocking new biometric layers and primary markers of chronic disease, such as obesity and Type 2 Diabetes, using WHO and IDF guidelines for waist-to-hip ratio, waist-to-height ratio, total body fat %, lean mass, in real-time to track an individual's changes.

Our data is able to converge into existing product offerings for both in-facility and for remote programs, supporting e-coaching, weight loss and nutritional plans. These platforms then use this data to create enhanced engagement with the User by understanding activity versus outcome. This connection leads to better outcomes and retention for our partners.

Current Partners in the fitness segment include but are not limited to: MVMNT, Bearn, Activate Health, Cubert, The Original Fit Factory, and Biomorphik.

Customer Acquisition and Marketing Strategy

Our customer acquisition and marketing strategy has been crafted and refined over several years, positioning our technology as a market leader in digital health assessment. This multifaceted strategy encompasses various elements that contribute to our growth and engagement with Partners.

Showcasing Technology:

Events and Conferences: We actively present our technology and its diverse functionality at industry-specific events, conferences, and showcases. These platforms allow us to demonstrate the various business verticals where our technology has the most impact.

Global Recognition:

Our presence in these forums has helped establish our brand and technology as a leading solution in the field of digital health assessment.

B2B Oriented Sales and Marketing Strategy:

Multi-Channel Approach: We have developed a global multi-channel sales and marketing strategy that is tailored to each focus industry described above. This approach ensures we reach our target audience effectively, catering to their needs and interests. Our sales and marketing teams, including senior management, support sales and customer success teams of our distribution partners, we deploy digital marketing campaigns (including podcasts, SEO and social media and hosted thought leadership content), physical networking at trade shows and events and industry leadership through interview invitations and keynote speaking at events.

Industry-Specific Engagement: By aligning our marketing efforts with the unique requirements of each industry outlined above, we ensure that our message resonates with potential Partners and Users across all channels with a coordinated and cohesive message.

Engaging Sales Personnel: AHI sales managers have geographical and customer segment focuses, this offers a best-in-class experience for our prospects and partners all while maximizing reach and internal efficiency for deal velocity and pipeline growth. Our Sales personnel and senior management are highly experienced in progressing and closing B2B contracts.

Strategic Locations: We have engaged sales personnel in key jurisdictions, including Canada and Singapore with distribution partners within the U.S., U.K. middle east and China, where our technology has significant potential for growth.

Industry Expertise: Enterprise sales are a complex coordination of multiple stakeholders who represent a prospective customer ranging from commercial, legal, technical, security and product expertise. Our sales team presents the various experts within AHI at required stages of the sales process to leverage the world-class expertise AHI holds internally. Our sales professionals also hold backgrounds specific to their focus industries in which they operate. Their expertise enables them to effectively understand and communicate our technology's value to potential Partners.

Flexible Business Model:

Low-Price, High-Volume Approach: Our business model is driven by a strategy that emphasises affordability and accessibility. By offering our technology at a competitive price point, we aim to reach a broader audience. We have compared the time taken to complete our biometric health assessment with obtaining those same measurements through traditional healthcare methods. The AHI BHA takes between 10 minutes to 15 minutes to complete and obtain a health risk assessment report compared to an estimated 168 minutes for traditional methods. This estimation of 168 minutes is for consultation-only and excludes travel, waiting times and results turnaround. AHI's BHA leverages on-device and micro-duration cloud computing and can therefore offer much more affordable unit pricing compared to that of health professional hourly rates.

Digital Communication Environments:

We leverage pre-existing environments that are already conducive to the use of digital communications. This approach allows us to integrate our technology seamlessly into various business verticals.

Partner Engagement and Monetization:

Enhanced Monetization Opportunities: Our strategy engages our Partners in a way that enables them to have additional monetisation of their activities and data flow. Over and above offering unprecedented access to biometric screening insights for all users AHI products can introduce new revenue streams for those services from multiple payors.

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Understanding Customers: By providing valuable insights and tools, we empower our Partners to service and truly understand their own customers (Users). This understanding fosters stronger relationships and enhances customer satisfaction. We offer this customer understanding at a biometric level individually and also at a population level in the aggregate. The epidemiology analytics offers the ability to correlate and compare different biometric and risk trends effectively offering heatmaps of risk and change across an entire population

Our customer acquisition and marketing strategy is about promoting our technology and building meaningful connections with our Partners and Users. As this understanding grows its userbase, the understanding of entire communities in turn grows and indicates industry trends and correlations. By understanding the unique needs of different communities we then understand each industry, employing knowledgeable sales personnel, and offering a flexible and affordable business model, our strategy is robust and well-positioned to drive growth and success in the digital health assessment market.

Growth Strategy: Expanding Partnerships, Users, and Markets

As we transition into a growth phase, our technology and distribution channels are well-positioned to catalyze this expansion. Our strategic approach is multifaceted, focusing on contract execution, market penetration, ongoing innovation, intellectual property protection, strategic acquisitions, and geographical expansion. Here's a detailed look at our growth strategy:

Contract Execution and Post-implementation Support:

Binding Agreements:

We have 12 binding agreements with global Partners across sectors including mHealth, Telehealth, Wellness, Life and Health Insurance, and the Fitness Industry. These Partners have a total audience of over 400 million.

User Growth:

Based on a minimum agreed User target with our Partners, we project a run rate of 4.9 million paying Users within the next three years, targeting a penetration rate of 1.0% - 5.0% within each Partner company.

Tailored Implementation:

Our growth strategy includes nurturing these agreements and customising the implementation of our technology with each partner to enhance the user experience. Collaboration and support in customer onboarding and feedback loops are integral to this process.

Market Penetration: Diverse Industries:

We aim to penetrate various industries within multiple verticals by identifying quality business partners with high-volume paying subscribers needing components of our Biometric Health Assessment and MultiScan platform (BodyScan, FaceScan, DermaScan).

Vertical & Market Expansion:

Currently operating in four major verticals and markets, we plan to enhance our reach within these areas and explore new ones.

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Ongoing Investment in Innovation:

Technology Enhancement:

We are committed to investing in building and licensing new software capabilities, extending our platform to ensure accuracy and repeatability, and broadening the applications of our technology.

Competitive Edge:

This investment will also act as a barrier to entry for competitors, both new and established.

Intellectual Property Portfolio:

Patent Protection: Our issued patent portfolio covers BodyScan technology and provides patent blocking and out-licensing opportunities. Additional patents have been submitted for the combination of BodyScan with vital signs measurements through FaceScan.

Unique Offering: Our platform's multiplatform offering (BodyScan, FaceScan, and DermaScan) and competitive ease of use, accuracy, and repeatability set us apart in the market.

Strategic Acquisitions:

Technology Advancement: In 2022, we made a number of strategic acquisitions that have significantly advanced our technology offering, positioning us at the forefront of the industry and will continue to pursue acquisitive opportunities in 2023 and 2024.

Geographical Expansion:

New Markets: We are expanding geographically with new markets opening up in China, the UAE, and Saudi Arabia, with continued expansion throughout South East Asia both broadening and deepening our global reach and impact.

Our principal growth strategy is driven by global health concerns and the need for fast, accurate, and useful consumer/patient-centric data. With the alarming fact that up to 86% of most governments' healthcare spend is on preventable chronic diseases, our technology is poised to play a pivotal role in early intervention and detection. By leveraging our partnerships, innovation, and strategic expansion, we are preparing for the next phase of growth, aiming to revolutionise healthcare and contribute to a more sustainable and efficient system for all stakeholders involved.

Intellectual Property

We actively submitted patents globally, with prior art/inventive ownership dating back to 2015, reflecting our commitment to innovation and intellectual property (IP) protection. As of now, we have been issued 12 patents in major geographic locations, including Australia, China, Singapore, South Korea, Hong Kong, Japan, Canada, and the USA.

Our approach to intellectual property goes beyond mere patent filings. We continually lodge additional IP with each reconfiguration of the technology, encompassing the algorithms, methodology, and use case. This comprehensive strategy ensures that all aspects of our technology are safeguarded.

Furthermore, we regularly monitor our Research & Development (R&D) activities for potential patent knowledge gaps. This vigilance provides the basis for our continued formalised patent protection, updates to existing patent protection, and safeguarding of other core know-how and intellectual property assets. Our ongoing efforts to expand our IP portfolio across major geographic locations demonstrate our dedication to maintaining a competitive edge and protecting our technological advancements in the global market.

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The following table is an illustration of our active patents and patent applications.

Owner Name*	Country	Official No.	Title	Status	Next Renewal Date
MyFiziq Limited	Australia	2015358289	Imaging a Body	Issued	2023-12-04
MyFiziq Limited	Canada	2969762	Imaging a Body	Issued	2023-12-04
MyFiziq Limited	China	ZL 201580066271.X	Imaging a Body	Issued	2023-12-04
MyFiziq Limited	China	201910393173.7	Imaging a Body	Pending	N/A
MyFiziq Limited	European Patent Convention	15864375.9	Imaging a Body	Issued	2023-12-04
MyFiziq Limited	Hong Kong	1240057B	Imaging a Body	Issued	2023-12-04
MyFiziq Limited	Hong Kong	42020002679.7	Imaging a Body	Issued	2025-12-04
MyFiziq Limited	India	201737020016	Imaging a Body	Pending	N/A
MyFiziq Limited	Japan	6434623	Imaging a Body	Issued	2023-11-16
MyFiziq Limited	Japan	6424293	Imaging a Body	Issued	2024-10-26
MyFiziq Limited	Japan	6559317	Imaging a Body	Issued	2024-07-26
Advanced Human Imaging Ltd	New Zealand	731721	Imaging a Body	Issued	2023-12-04
Advanced Human Imaging Ltd	New Zealand	761690	Imaging a Body	Issued	2023-12-04
Advanced Human Imaging Ltd	New Zealand	761693	Imaging a Body	Issued	2023-12-04
MyFiziq Limited	Republic of Korea	10-1894686-00-00	Imaging a Body	Issued	2024-08-28
MyFiziq Limited	Republic of Korea	10-1980503	Imaging a Body	Issued	2024-05-14
MyFiziq Limited	Republic of Korea	10-2290040	Imaging a Body	Issued	2024-08-10
MyFiziq Limited	Republic of Korea	10-2394593	Imaging a Body	Issued	2025-05-02
MyFiziq Limited	Singapore	11201703993R	Imaging a Body	Issued	2023-12-04
MyFiziq Limited	Singapore	10201806180V	Imaging a Body	Issued	2023-12-04
MyFiziq Limited	Singapore	10202001239P	Imaging a Body	Pending	N/A
MyFiziq Limited	United States of America	9,949,697	Imaging a Body	Issued	2025-10-24
Advanced Human Imaging Ltd	Australia	2022236936	Assessing Disease Risks from User Captured Images	Pending	N/A
Advanced Human Imaging Ltd	PCT	PCT/IB2022/000496	Predicting Health or Disease From User	Pending	N/A

			Captured Images or Videos		
Advanced Human Imaging Ltd	United States of America	17/900,537	Predicting Health or Disease From User Captured Images or Videos	Pending	N/A
Advanced Human Imaging Ltd	United States of America	17/658,077	Predicting User Body Volume to Manage Medical Treatment and Medication	Pending	N/A
Advanced Human Imaging Ltd	PCT	PCT/IB2022/000191	Predicting User Body Volume to Manage Medical Treatment and Medication	Pending	N/A
Advanced Human Imaging Ltd	PCT	PCT/AU2022/050226	Assessing Disease Risks from User Captured Images	Pending	N/A
Advanced Human Imaging Ltd	United States of America	17/695,627	Assessing Disease Risks from User Captured Images	Pending	N/A
Advanced Human Imaging Ltd	United States of America	16/826,049	Imaging A Body	Pending	N/A

* The Company is attending to having this change of name recorded with the relevant Intellectual Property authorities around the world to reflect its recent name change to Advanced Health Intelligence Ltd.

Duration of Patent Property Matters Owned

In Australia and most other countries, patent rights may be kept in force for a period of up to 20 years from the date of filing of the complete application on which the patent is granted, upon payment of regular renewal fees. This standard protection period provides a significant window for companies to capitalize on their innovations.

For the patent property matters owned by the Company, the relevant date is 20 years from December 4, 2015 (i.e., December 4, 2035). However, it's essential to highlight that our company's approach to intellectual property management goes beyond this initial 20-year protection period.

We recognize the dynamic nature of technology and the importance of staying ahead in the industry. Therefore, we continue to make adaptations and inventive changes to our IP. This ongoing innovation not only enhances our technology but also affords the Company extended protections. New IP is being granted from time to time, reflecting our commitment to continuous improvement and adaptation.

These strategic efforts ensure that our intellectual property remains robust and relevant, extending our competitive advantage beyond the initial 20 years granted under the first patents. By actively managing and evolving our IP portfolio, we are positioning ourselves for sustained success in the ever-changing technological landscape.

Broad Scope of Patent Property Matters Owned

The Company diligently monitors its research and development activity for knowledge providing basis for formalized patent protection, and other core know-how and intellectual property assets and has obtained or is seeking patent protection for its key product(s) in a robust and widespread manner that covers major markets via the patent property matters owned by the Company.

The patent property matters owned by the Company include granted patents and pending patent applications with a wide variety of differing scopes.

Such scopes broadly include devices (and corresponding methods) for imaging a body, including receiving a first representation of the user's body, segmenting the first representation of the body, generating a second representation of the body on the basis of processing of the first representation, and displaying the generated second representation via the display. The patents and patent applications also broadly claim the use of additional user specific data inputs for improving accuracy, user alignment strategies, and techniques for generating representations of the user's body that are substantially consistent with a true three-dimensional ("3D") scan of the body. The patents and patent applications further claim methods for generating highly accurate body representations and utilizing the generated representations for real-world use cases.

We utilize various practices to safeguard and protect our IP, including (but not limited to):

- Non-disclosure agreements;
- SDK License agreements;
- Commercial agreements (including IP clauses);
- Data Processing Agreements with clauses for jurisdiction specific regulations such as APA, CCPA, UK and EU GDPR, LGPD, PDPL, and PIPL;
- Employee agreements that include IP clauses;
- 'Least Privilege' access model to restrict access to key personnel;
- Multi-factor authentication system; and
- Regular threat and intrusion protection exercises in conjunction with cyber security industry expert organizations.

In addition to the foundational intellectual property rights, the company has implemented a comprehensive and ongoing IP protection regime that encompasses all new inventions, processes, and integrations of technologies with the core IP. This strategic approach is significant for several reasons:

Broad Scope of Protection: By extending protection beyond the core technology to include inventive combinations, integrations, and adaptations, AHI ensures that its intellectual assets are safeguarded in a rapidly evolving technological landscape. This broad scope of protection fosters innovation within the company while maintaining a robust defence against potential infringement.

Flexibility and Responsiveness: The ongoing nature of this IP protection regime allows AHI to be agile and responsive to technological advancements and market demands. As new inventions are developed or existing technologies are refined, the Company can promptly secure protection, maintaining its competitive edge.

Protection of Derived Data: Beyond the technology itself, AHI's approach also encompasses the protection of the data derived from the integration or combination of technologies. This includes proprietary algorithms, analytical methods, and unique applications of the data. By safeguarding this valuable information, AHI enhances its position in data-driven sectors and ensures that its unique insights remain exclusive.

Enhanced Collaboration Opportunities: By having a clear and robust IP protection strategy, AHI can engage in partnerships and collaborations with confidence. Whether working with other technology providers, research institutions, or industry partners, the well-defined IP boundaries facilitate transparent and productive relationships.

Long-term Strategic Alignment: The ongoing IP protection regime aligns with AHI's long-term strategic goals. By continually assessing and protecting new inventions and integrations, the Company ensures that its intellectual property portfolio remains relevant and strong, supporting sustained growth and innovation.

Legal and Commercial Strength: This approach provides a solid legal foundation for defending the Company's rights and interests. It also enhances the commercial value of AHI's intellectual property, making it a more attractive proposition for investors, licensees, and other stakeholders.

AHI's ongoing IP protection regime is not merely a legal necessity but a strategic asset that supports innovation, collaboration, commercialization, and long-term growth. By taking a proactive and comprehensive approach to intellectual property management.

Research and Development

We conduct all our primary research and development in-house and employ Ph.D.-level experts in machine learning, computer vision, and other research. We engage universities and hospitals globally to aid in data collection to ensure that our digital health assessment capabilities remains both a global leader in the field and relevant to global needs.

Research and Development Team Expansion: The recent acquisitions have significantly expanded AHI's research and development capabilities.

Multidisciplinary Team: A purpose-specific team of industry experts has been assembled.

Fields of expertise include:

- Medical Science
- Machine Learning
- Computer Vision
- Musculoskeletal Analysis
- Insurance
- Population Health

Focus on Scalable Health Screening:

- Core mission: Deliver scalable health screening via a smartphone.

- Utilises technology to provide accurate and accessible health assessments.

Role of the Expanded R&D Team:

- Identifying unique use cases.
- Developing algorithmic requirements for digitised outcomes.
- Integrating varied skills to develop sophisticated solutions.
- Addressing multifaceted challenges of modern healthcare.

Primary Focus and Vision:

- Creating scalable, user-friendly solutions that democratise access to healthcare.
- Innovating and leading in the digital health landscape.
- Commitment to excellence and transformative impact on global healthcare.

The expanded R&D team positions AHI to advance technology and fulfil the vision of a more efficient, effective, and inclusive healthcare system.

AHI has made further R&D submissions to the Australian Government to fund and enhance these teams.

We incurred R&D expenses of approximately \$2.78 million in 2022, \$2.1 million in 2021, \$1.8 million in 2020, \$1.5 million in 2019, \$1.2 million in 2018 and \$1.2 million in 2017, relating to the development of our applications and technologies. R&D expenses for 2023 are in the process of being compiled for submission to Austrade later in 2023. We intend to continue to invest in our R&D capabilities to extend our platform and bring our measurement and biometrics technologies to a broader range of applications. Since year end, we have received an R&D Grant of \$1,209,344 in respect to the year ended June 30, 2022.

Overseas research & development reimbursement

In 2023, AHI successfully made submissions to the Australian Government, requesting that the company be assessed for eligibility for overseas research & development (R&D) reimbursement of expenditures incurred. After a thorough review and assessment, AHI was deemed eligible and the submission was met with success. Consequently, the company is now eligible to claim 43.5% of the costs incurred for Overseas Research and Development activities. This achievement underscores AHI's commitment to innovation and aligns with the Australian Government's support for advancing global research initiatives, reflecting both the eligibility criteria and the broader goals of the R&D reimbursement program.

Competition

We operate in a highly competitive industry that is characterized by constant change and innovation. Changes in the applications and the programming languages used to develop applications, devices, operating systems, and technology landscape result in evolving customer requirements.

The principal competitive factors in our market include the following:

- product and platform features, architecture, reliability, privacy and security, performance, effectiveness, and supported environments;
- product extensibility and ability to integrate with other technology infrastructures;
- digital operations expertise;
- ease-of-use of products and platform capabilities;
- total cost of ownership;
- adherence to industry standards and certifications;
- strength of sales and marketing efforts;
- brand awareness and reputation; and
- focus on customer success.

While there are a number of companies offering smaller components of our overall offering in singular market segments, at this time we have been unable to identify a direct comparative product within the mobile phone ecosystem, that: (i) offers our range of data points across a similar multiplatform offering (*BodyScan*, *FaceScan*, *DermaScan*), (ii) offers solutions across the three verticals in which we operate or (iii) demonstrates competitive ease-of-use, accuracy or repeatability.

Organizations working in measurement delivery in individual business cases are: MySize, with a mobile phone-based measurement function; Halo, using mobile phone capture to assess body composition; and Select Research, using mobile phone capture for the assessment of body fat. There are also other offerings in the market that present consumers with measurement capabilities which are machine-based and therefore we do not view them as direct competitors as they are either costly or inconvenient to utilize or both.

To protect our technology from being duplicated by competitors, we hold patents across key global jurisdictions on our image capture process. These patents have been issued in the USA, China, Singapore, South Korea, Australia, Hong Kong, Japan and Canada. As part of our continuous innovation process, we regularly review our patent coverage and actively pursue patent updates to cover new ideas in existing jurisdictions, as well in new jurisdictions.

In addition to this and the expansion of the capturing capabilities, AHI has commenced with *FaceScan* and *DermaScan*. The company has lodged provisional patents covering the use case and the integrated use cases of the additional data captures.

Competitive Advantages

Our competitive advantage comes from our continuous innovation and transparency with regards to our data capture, measurement accuracy and repeatability metrics. We differentiate ourselves from our competitors through a multitude of factors including, but not limited to, the following:

- **AHI's Biometric Health Assessment is the first of its kind:**

AHI's Biometric Health Assessment (BHA) is the first of its kind in the world, representing a groundbreaking approach to health screening via a smartphone. Offering a Competitive Edge: The BHA's unparalleled technology sets AHI apart from competitors, offering a solution that no other company provides. Enhanced

Accessibility: By leveraging smartphones, AHI democratizes healthcare, making vital health information accessible to a broader audience. Strategic Positioning: Being the first in the market with this technology establishes AHI as a leader in digital health, opening doors for significant market penetration and growth. Preventive Approach: The BHA's early detection capability aligns with global health priorities, offering a proactive approach to chronic disease management that can save lives and reduce healthcare costs.

- **Ongoing Data Collection to Ensure Precise Digital Measurements.** Regular, continuous, global data collections from multiple independent specialist organizations, including universities and hospitals, to ensure our measurement accuracy and repeatability remains the highest standard in digital measurements from a mobile phone.
- **Continual Enhancement of our Technology Offering While Expanding and Refining our Patent Position.** We currently maintain a robust intellectual property portfolio related to our *BodyScan* Technology, while technology we have licensed-in for *FaceScan* and *DermaScan* adds to our Complete suite of products. We regularly review and update our patents in key jurisdictions to prevent competitors from copying our image capture process or innovation. We believe further enhancing and protecting our patent portfolio is a key to the long-term success of our technology offering and business prospects. The company has lodged provisional patents covering the use case and the integrated use cases of the additional captures.
- **Independent Validation of Accuracy and Repeatability of our Measurement Information.** Publicly advertising our externally validated accuracy and repeatability metrics so that they are clear and accessible to our partners and competitors. Most of our competitors do not share clear information about their measurement accuracy and repeatability publicly. Our transparency makes it easier for potential Partners to understand our metrics during their solution selection process, significantly reducing the need for them to conduct testing and verification of our solution prior to purchase.
- **Private, individualized Assessment on a Granular Personalized Basis.** We measure the end User by taking images of segmented, non-personally identifiable set of silhouettes that are processed on-device. Our solution then recreates the User from the silhouettes in a virtual 3D environment by utilizing the Graphics Processing Unit ("GPU") on the end User's smartphone, enabling that User's Personally Identifiable Information ("PII") to remain on the device. As a result, the process is more cost effective, returns results faster and allows for better security of data and personal privacy.
- **Broad Market Functionality.** Due to high accuracy and repeatability of results from our product offering, we have been able to expand into multiple markets and uses. We intend to leverage and further grow our base of Partners through the four main large market segments in which we operate.
- **Non-Opinionated Partner Level Integration.** We offer a solution that, unlike many of our competitors, can be integrated into our Partners' existing applications to match their own branding and User experience. This way, our technology becomes part of our Partners' environment, allowing for trust and additional functionality for the User.
- **Zero Upfront Integration Cost.** Our potential Partners can implement our turnkey solutions using their internal development team, at an upfront cost of \$Nil, removing the need for an upfront capital budget that can often create a roadblock for many potential Partners.
- **On-Device Processing Delivers Frictionless Scalability.** We have adapted our *BodyScan* software to run on a User's device. This feature in turn only requires AWS for the tokenization of the event i.e.; initiation of sequence to commence with all other *BodyScan* functionality run on-device at no cost to us. It is important to note that all *BodyScan* major processing occurs on-device and as such AHI only uses AWS cloud infrastructure to support its services. These services include authorization of services (AWS Cognito), App configuration (AWS Cloudfront), and Billing events (AWS Serverless Aurora). For clarity AHI does not persist User data, nor does it preserve service results on its AWS cloud services, therefore the data stored within each of these services does not contain any User's PII.

- **Flexible and Capital Efficient B2B Business Model.** We target potential B2B partners with large existing user bases, significantly reducing the costs of acquiring new Users in comparison to our competitors. We also offer our solution on a pricing tier, based on a per User per month basis whereby as User volume grows, Partners pay us less with each tier, enabling a higher return on their investment.

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Our Challenges

We face challenges, risks and uncertainties in realizing our business objectives and executing our strategies, including those relating to our ability to:

- We may not reach the scale in our business or generate revenue to the level outlined in our business plan.
- As with most new technology companies, we have historically incurred significant losses during the development phase of our technology, and there can be no assurance as to when, precisely, we will achieve breakeven or maintain profitability, despite our low overhead expenditure.
- We will need to raise additional capital to meet our business requirements in the future, which could be challenging, potentially highly dilutive, and may cause the market price of our Ordinary Shares to decline.
- The success of our business is highly dependent on market acceptance of our technologies and their timely release, noting that the SDKs are embedded in our Partners' customer-facing applications. If the end consumer/User does not accept our product, or our Partners fail to go live with their applications (with our technology embedded), then our financial performance will be adversely affected.
- As a B2B company, we are substantially dependent on our customers (Partners) to design, integrate and price our technology effectively within their applications.

Please see "Risk Factors" and other information included in this prospectus for a discussion of these and other risks and uncertainties that we face.

Government Regulation

We are subject to a number foreign and domestic laws and regulations in the jurisdictions in which we operate our business, including but not limited to federal, state and international laws and regulations governing the processing and transfer of personal data. including, but not limited to, the *Australian Privacy Act 1998* ("APA"), EU General Data Protection Regulation ("GDPR"), the Australian Data Privacy regulations, and the *California Consumer Privacy Act of 2018* ("CCPA").

Many U.S. states have passed laws requiring notification to data subjects when there is a security breach of personally identifiable data or personal data (as those terms are defined by the applicable laws). There are also a number of legislative proposals pending before the U.S. Congress, various state legislative bodies and foreign governments concerning data protection. In addition, data protection laws in Europe and other jurisdictions outside the United States can be more restrictive than those within the United States, and the interpretation and application of these laws are still uncertain and in flux.

For example, the GDPR, which took effect on May 25, 2018, enhances data protection obligations for entities that process personal data about individuals, including obligations to cooperate with European data protection authorities, implement security measures and keep records of personal data processing activities. Noncompliance with the GDPR can trigger fines equal to the greater of €20 million or 4% of global annual revenue.

In addition, the CCPA gives California residents expanded rights to access and require deletion of their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches, that is expected to increase data breach litigation. Further, failure to comply with the *Israeli Privacy Protection Law of 1981*, and its regulations, as well as the guidelines of the Israeli Privacy Protection Authority, may expose to administrative fines, civil claims (including class actions) and in certain cases criminal liability. Current pending legislation may result in a change of the current enforcement measures and sanctions. Given the breadth and depth of changes in data protection obligations, meeting the requirements of GDPR and other applicable laws and regulations has required significant time and resources, including a review of our technology and systems currently in use against the requirements of GDPR and other applicable laws and regulations. We have taken various steps to prepare for complying with GDPR and other applicable laws and regulations however there can be no assurance that these steps are sufficient to assure compliance.

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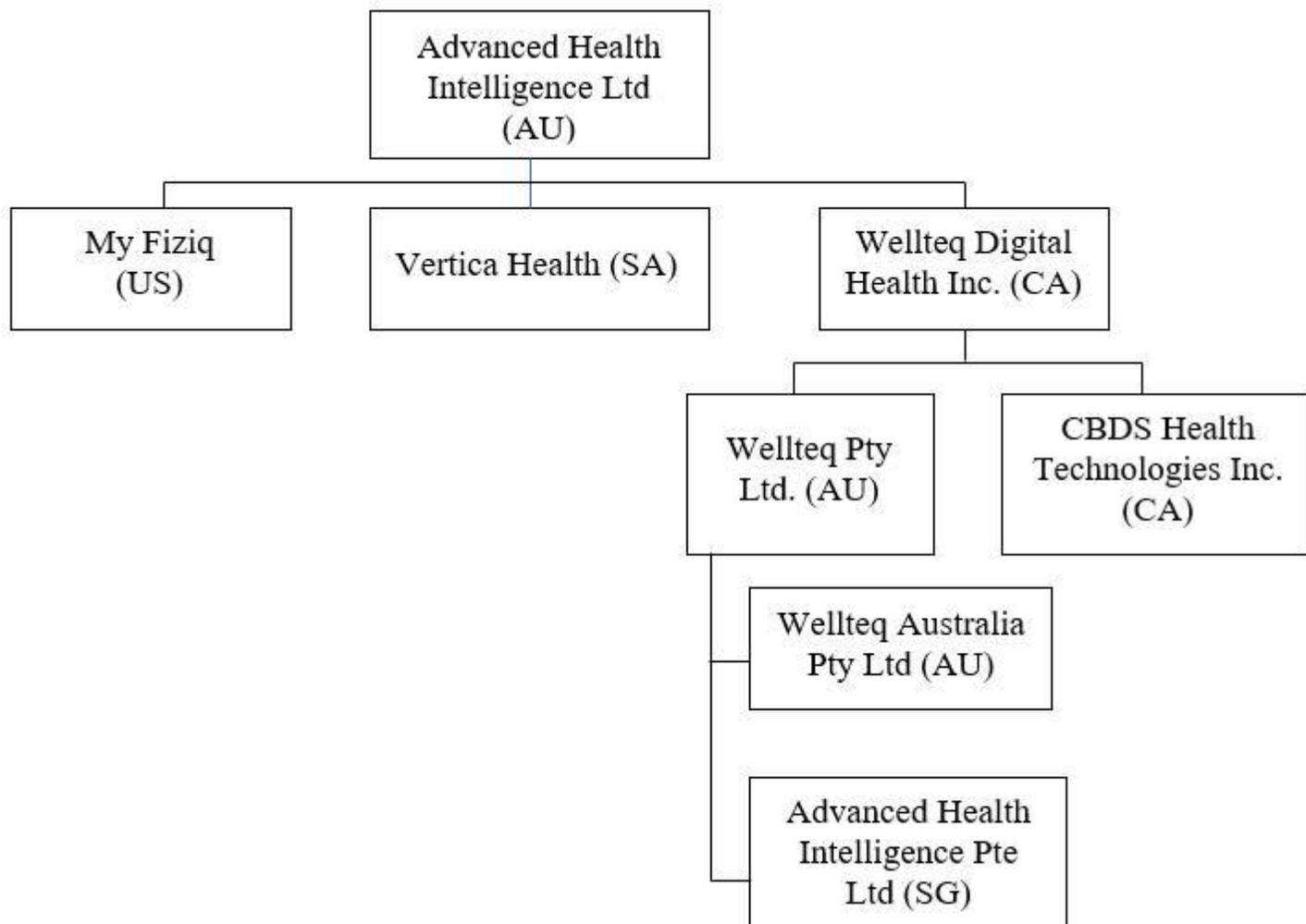
Further, additional EU laws and regulations (and member states' implementations thereof) further govern the protection of individuals and of electronic communications. If our efforts to comply with GDPR or other applicable laws and regulations are not successful, we may be subject to penalties and fines that would adversely impact our business and results of operations, and our ability to use personal data of individuals could be significantly impaired. In addition, non-compliance with the applicable laws and regulations may result in a breach of our contractual obligations with third parties and may result in breaches of data security.

These laws and regulations may involve privacy, data protection, intellectual property, or other subjects. Many of the laws and regulations to which we are subject are still evolving and being tested in courts and could be interpreted in ways that could harm our business. In addition, the application and interpretation of these laws and regulations often are uncertain, particularly in the new and rapidly evolving industry in which we operate. Because global laws and regulations have continued to develop and evolve rapidly, it is possible that we, our products, or our platform may not be, or may not have been, compliant with each such applicable law or regulation.

Where these laws and regulations apply to our business-to-business partners, we enter into Data Processing Agreements with such partners, specific to the requirements of their business and location.

C. Organizational Structure

The chart below illustrates our organizational structure, including the jurisdictions of incorporation.



Note: excludes investee companies and joint ventures.

D. Property, Plants and Equipment

We are headquartered in South Perth, Western Australia where we lease and occupy for office space approximately 367 square meters (approximately 3,950 square feet) as of the date of this Annual Report. The current lease term expires in December 31, 2025 and we believe that our existing facilities are generally adequate to meet our current and future needs, but we expect to seek additional space as needed to accommodate future growth.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis includes certain forward-looking statements with respect to the business, financial condition and results of operations of our company. The words “estimate,” “project,” “intend,” “expect”

and similar expressions are intended to identify forward-looking statements within the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated by such forward-looking statements, including those risk factors contained in Item 3.D. of this annual report. You should read the following discussion and analysis in conjunction with our consolidated financial statements and the notes thereto included in this annual report.

A. OPERATING RESULTS

Operating results and financial position

The net loss after income tax for the financial year was \$12,827,177 (2022:\$20,076,843), which includes \$2,506,214 (2022: \$9,956,973) in respect of impairment charges and share-based payments to suppliers, directors and employees under the Company's incentive plans and new NASDAQ related costs, including insurance, of \$nil (2022 \$2,927,030).

Before impairment charges, share-based payments, NASDAQ and insurance related costs, the consolidated entity's adjusted net loss after income tax for the financial year was \$10,320,963 (2022: \$7,192,840) as shown in the table below.

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

	Year Ended 30 June 2023	Year Ended 30 June 2022
	\$	\$
Total comprehensive loss for the year	(12,827,177)	(20,076,843)
Less: Share-based payments (non-cash) in relation to:		
Directors' and employees' remuneration	105,000	7,452,583
Corporate advisory services	117,600	473,638
Investor relations	-	506,000
	(12,604,577)	(11,644,622)
Fair value adjustment – Triage	1,807,829	551,089
Impairment expense (non-cash)	475,785	973,663
NASDAQ and insurance related costs	-	2,927,030
Adjusted total comprehensive loss for the year (before share-based payments and impairment charges)	(10,320,963)	(7,192,840)

¹ NASDAQ and insurance related costs have been included in this table as they represent the new additional costs that were incurred in the reporting period to achieve the dual listing of the Company on the NASDAQ securities exchange. NASDAQ costs are expected to reduce significantly in future years now that the Company has achieved its dual listing.

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

Cash assets at the end of the financial year were \$2,104,584 (2022: \$6,011,368).

Operating activities

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

i. Dual listing on NASDAQ

On November 19, 2021 the Company announced the successful closing of its U.S. initial public offering (“IPO”) on NASDAQ of 1,000,000 units at a price to the public of US\$10.50 per unit. Each unit issued in the offering consisted of two American Depositary Shares (“ADSs”) and one warrant to purchase one ADS. Each ADS offered represented 7 ordinary shares of AHI. The warrants were exercisable immediately, expire three years from the date of issuance and have an exercise price of US\$5.52 per ADS. The ADSs and warrants were immediately separable and were issued separately (representing a price of US\$5.24 per ADS and US\$0.02 per warrant).

In addition, AHI granted to Maxim Group LLC a 45-day option to purchase up to an additional 300,000 ADSs and/or up to an additional 150,000 warrants to purchase up to 150,000 ADSs, at the public offering price less underwriting discounts, of which Maxim Group LLC has partially exercised its option to purchase 150,000 warrants to purchase up to 150,000 ADSs. Gross proceeds from the offering, before deducting underwriting discounts and commissions and other estimated offering expenses, were US\$10.5 million, inclusive of the over-allotment.

The ADSs began trading separately on the NASDAQ Capital Market on November 19, 2021 under the symbol “AHI”. The warrants were not listed for trading.

ii. Revenue

Total revenue increased from \$1,333,291 in 2022 to \$2,790,437 during the 2023 financial year, an increase of 109.3%. The increase is largely attributable to an 88.4% increase in Other revenue from \$1,136,291 in 2022 to \$2,140,740 in 2023 and an increase of 229.4% in Operating revenue from \$197,209 in 2022 to \$649,697 in 2023.

The Company expects its revenue to increase with further product launches expected from its Partners in the current financial year.

iii. Strategic Investments /Acquisitions

On December 6, 2022 AHI announced the settlement of its acquisition of wellteq Digital Health Inc. (CSE: WTEQ) (OTCQB: WTEQF), (“wellteq”), for the issue of 17,804,587 fully paid AHI ordinary shares to wellteq shareholders. Pursuant to the terms of the Arrangement Agreement, wellteq shareholders received one (1) ordinary share of AHI (an “AHI Share”) for every six (6) wellteq common shares (a “wellteq Share”) held.

On August 5, 2022 the Company concluded a Share Sale Agreement to acquire all the shares in South African registered Vertica Health (Pty) Ltd (“Vertica”).

The consideration paid and payable by AHI for the Vertica acquisition comprises:

- o 1,500,000 AHI shares issued on closing, escrowed for 24 months from date of issue;
- o cash payments totalling US\$600,000, comprising:
- o US\$100,000 payable on closing;

- o US\$250,000 payable 1 year from closing; and
- o US\$250,000 payable 2 years from closing.

Given the value of the consideration payable, AHI did not consider that the acquisition was material (in the context of AHI's market capitalization and net asset position) to warrant an announcement to the market under LR 3.1. However, as part of the consideration involved an issue of shares, AHI released an Appendix 3B to the market to satisfy LR 3.10.3.

The projected increase in consolidated total assets due to the Vertica acquisition is equal to the value of the consideration paid / payable to acquire Vertica, comprising US\$100,000 in cash on closing (offset by a corresponding reduction in AHI's existing cash to pay this amount), US\$500,000 in deferred cash consideration and 1,500,000 AHI shares (subject to 24 months voluntary escrow) valued at the current market price of \$0.12 per share.

AHI has budgeted for an increase of approximately US\$80,000 per month to working capital costs as a result of the Vertica transaction. Vertica does not currently generate material revenues or profits, so AHI does not forecast any material increases to these numbers in its P&L statement in the near term as a result of the acquisition of Vertica.

B. Liquidity and Capital Resources

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

The consolidated entity has incurred a 2023 net operating loss of \$12,827,177 (2022: \$20,076,843) which included non-cash items such as a provision for impairment as well as share-based payments, has a net cash outflow from operating activities amounting to \$7,367,184 (2022: \$9,858,799) and a net current asset deficiency of \$2,776,308 as at 30 June 2023 (2022: surplus \$4,912,968). Given the consolidated entity's net current liability position, the ability of the consolidated entity to continue as a going concern, including its ability to pay its debt as and when they fall due, needs to be considered. The directors are of the opinion that the continuation of the consolidated entity as a going concern is dependent upon its ability to achieve the following:

- As announced on August 4, 2023, the Company executed a binding exclusive, perpetual license with Shanghai-based Changlin Network Technology Ltd ("Changlin"). This agreement requires Changlin to pay AHI US\$10 million within 90 days from the execution date for the exclusive and perpetual right to AHI's technology. On October 25, 2023, the Company announced that it had granted Changlin a 90-day extension in respect to the finalisation of its perpetual license.
- On June 13, 2023, The Company announced it had successfully undertaken a \$5,000,000 share placement with Orca Capital GMBH at a 194% premium to the last traded share price on Friday, June 9, 2023.
- As announced in its June 2023 Appendix 4C lodgement with the ASX, the Company has been presented with three additional funding proposals between \$5,000,000 and \$20,000,000 through a placement under its LR7.1 capacity. The Company is actively engaged in discussions with parties and anticipates closing the additional capital soon.
- On June 21, 2023, the Company announced it had entered into a Letter of Intention with UAE based e-script medicine management company Pharmak Pharmacy LLC to integrate AHI's Biometric Health Assessment into Pharmak's e-script screening solution. The parties are targeting a January 2024 initial launch of the solution. Pharmak expects to achieve a minimum e-script order volume in 2024 of 100,000 e-scripts per

month in each of the UAE and Saudi Arabia. It has been agreed between the parties that AHI will receive 1.6% of the gross e-script value.

- On September 23, 2023, AHI informed shareholders of the signing of a Letter of Intent (“LOI”) with Unisure Group (“Unisure”). Unisure and AHI have executed a Letter of Intent to develop and deploy a world-first digital underwriting solution utilising AHI’s revolutionary smartphone-based biometric health risk assessment. The intent of the relationship is to create a series of innovative insurance offerings by leveraging AHI’s technology with SCOR’s wealth of Reinsurance knowledge to service the global retail insurance market. Partnering with Unisure and SCOR presents a unique opportunity that will utilise the proprietary AHI digital blood biomarkers and phenotypical data combined with insurers’ rich actuarial and underwriting data to develop and design new digital underwriting solutions.
- On September 12, 2023, AHI informed shareholders of the signing of a Collaboration Agreement with Bin Farhood International Business Management Group LLC (“Bin Farhood Group”). Under the Collaboration Agreement, the Bin Farhood Group will act as an introductory agent for AHI to government and private organisations throughout the Middle East and North Africa region that might use and commercialise the AHI technology, and/or invest to support AHI’s endeavours.
- On August 14, 2023, AHI informed shareholders of the signing of a Collaboration Agreement with IntelliGen Solutions FZ-LLC (“IntelliGen Solutions”). The Collaboration Agreement with IntelliGen Solutions incorporates information and guidelines, including services, various fees and milestones and other commercial terms. IntelliGen Solutions is delivering a purpose-specific digital capability for the Saudi 2030 Health Initiative, which aims to revolutionise healthcare across all sectors. The Health Sector Transformation Program, a key component of this initiative, seeks to establish a comprehensive, effective, and integrated health system that priorities the health of individuals and society, including citizens, residents, and visitors.

In addition to the above, the Company announced on 13 September 2023 that it had secured a \$1.5 million Convertible Loan facility as disclosed in note 38 and is also evaluating a number of other financing proposals.

The directors are confident of the consolidated entity’s ability to achieve the above and have prepared the financial statements on a going concern basis as the directors believe that the consolidated entity will be able to pay its debt as and when they fall due and payable.

The financial statements have been prepared on a going concern basis which assumes that the Group will realise its assets and extinguish its liabilities in the normal course of business. In the event that the above arrangements and initiatives are not achieved, there exists a material uncertainty as to whether the consolidated entity will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the consolidated entity not continue as a going concern.

C. Research and Development, Patents and Licenses

For a description of patented technology and a list of our patents and patent applications, see “Item 4. Information on Company - B. Business Overview.”

D. Trend Information

Other than as disclosed elsewhere in this Annual Report, we are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net revenues, income from continuing

operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

E. Critical Accounting Estimates

Refer to note 2 in the Notes to financial statements in the 2023 Annual Report attached to this Form 20-F.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

(Start of the Remuneration Report for Australian Disclosure Requirements)

A. DIRECTORS AND SENIOR MANAGEMENT

Our directors and executive officers are as follows:

Name	Age	Position
Scott Montgomery	42	Executive Director & CEO
Dr Katherine Iscoe, Ph.D.	45	Executive Director
Simon Durack JP	62	Chief Financial Officer & Company Secretary
Terence Stupple	45	Chief Technology Officer
Nicholas Prosser	44	Interim Non-Executive Chairman
Michael Melby	40	Non-Executive Director
Dato Low Koon Poh	49	Non-Executive Director
Peter Goldstein	60	Non-Executive Director
Ms Jacqueline Yee	53	Non-Executive Director

Management

Scott Montgomery

Mr. Montgomery co-founded the wellteq group of companies in October 2013 and has served as CEO, President, and director since incorporation. Mr. Montgomery's background is well positioned in the healthcare sector with over 20 years of industry experience around the world, both as a founder and director of public and private companies.

Dr Katherine Iscoe, Ph.D.

Dr Katherine Iscoe, Executive Director, age 45, combines over 20 years of experience in Health Sciences and Biotechnology. Dr Iscoe co-founded the company in 2013 and incorporated the company as MyFiziq Ltd in October 2014. She held the position of CEO from 2014 to October 2016 and then transitioned into the role of director of Corporate Health and Wellness. In March 2021, MyFiziq Ltd changed its name to Advanced Human Imaging Ltd and in December 2022 changed its name to Advanced Health Intelligence Ltd. Dr Iscoe stepped back into the role of CEO in February 2022 and relinquished this role on 1 December 2022. Prior to the incorporation of MyFiziq Ltd in 2014, Dr Iscoe was the director of a Health and Wellness company called Deliciously Fitt Pty Ltd between 2013-2020. Dr Iscoe holds a Bachelor of Arts in Health Sciences (summa cum laude), a Master of Science in Exercise Physiology and Health Sciences, a Doctorate in Exercise Physiology and Biotechnology and a Post-Graduate Certificate in Counselling. Her combination of both academic and practical experience in medical sciences, health and wellness provides a unique and strategic advantage for the future of AHI and mHealth.

Simon Durack JP

Simon Durack, Chief Financial Officer and Company Secretary, age 62, combines over 40 years of experience in small to large businesses in the mining and resources industry, gaming industry, financial services and other sectors. Previously, he had been involved in a number of ASX listed companies holding positions including Executive Chairman, Executive Director, Non-Executive Director, Group Company Secretary, Chief Financial Officer and Director / Company Secretary. From 2011 to 2020, he was Executive Director (formerly Chairman) for MinRex Resources Limited, an ASX listed company involved in mining and exploration. From 2009 to 2013, he was Executive and Non-Executive Director of Millennium Minerals Limited, an ASX listed company that focused on exploration through to mining and producing gold. He has Bachelor of Commerce from the University of Western Australia, Post Graduate Diploma of Business from Curtin University of Technology and is also a Fellow with Chartered Accountants of Australia & New Zealand and a Fellow with CPA Australia, the Governance Institute of Australia, and is a Justice of the Peace for the State Western Australia.

Terence Stupple

Mr. Stupple combines over 15 years of IT experience and has served as the Chief Technology Officer of AHI since December 2015, overseeing the internal growth and strategy of our technical capabilities. From September 2012 through November 2015, Mr. Stupple was employed as a Subject Matter Expert at Chevron Australia. From August 2006 until September 2012, Mr. Stupple held various roles for the Western Australian Government, including acting as manager of web services where he was tasked with the responsibility of the strategic direction and content of the Department of State Development and Department of Mines and Petroleum's internet and intranet sites. Prior to working for the West Australian Government, Mr. Stupple was contracted to Microsoft UK in various roles including pre-sales support officer, licensing specialist, channel support, and complaints specialist. Mr. Stupple received his A Levels from Orpington College (UK) and a GCSE from Eltham College (UK).

Directors

The following noteworthy experience, qualifications, attributes and skills for each Board member, together with the biographical information for each nominee described below, led to our conclusion that the person should serve as a director in light of our business and structure:

Nicholas Prosser

Mr. Prosser combines over 15 years of experience in the ICT sector and over 10 years as a founder, entrepreneur and private investor. Mr. Prosser has been a director of the Company since April 2018. He has also served on the board of directors of Voodoo Pty Ltd, a video technology and SaaS platform, since January 2017. Since January 2008, he has served as the founder and member of the board of directors of Vega Blue Partnership. Mr. Prosser founded ThinkCaddie in January 2017 until the Company's sale to a third-party in November 2019. From January 2007 until May 2016, he was involved in Canberra Data Center. Additionally, he has served as the executive director of CPDone Pty Ltd, a financial profession compliance company, since February 2016 and as a director of Vega Blue Partnership since January 2008. Mr Prosser has a Diploma in Security Risk Management from The Canberra Institute of Technology and is a member of the Australian Institute of Company Directors.

Michael Melby

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

Mr. Melby received his undergraduate degree from UC Berkeley & MBA from The Wharton School at the University of Pennsylvania.

Dato Low Koon Poh

Dato Low Koon Poh has 24 years of combined experience in accounting, auditing and consultant, with experience in corporate finance, auditing, and accounting in various industries such as construction, plantation, hotels, property, manufacturing and marketing.

Dato Low has served as a director of the Advanced Health Intelligence Ltd since July 2020. Dato Low started his accounting services practice KL Management Services, based in Petaling Jaa, in 2006. Dato Low has also served as the President of IPO Partners Limited, a corporate advisory firm since April 2015, and a director of Round Table Partners Berhad since 2019. Since June 2019, Dato Low has served the Executive Chairman and Chief Executive Officer of Medi Lifestyle Limited, a Healthcare and Wellness company listed in the Singapore Exchange. Prior to his position at KL Management Service, Dato 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. Dato 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).

Peter Goldstein

Mr. Goldstein has over 30 years of diverse and global entrepreneurial, client advisory and capital market experience and a successful track record in leading and building companies in the capital markets. Mr. Goldstein is experienced with mergers and acquisitions, strategic planning and transaction structuring.

In 2006, Mr. Goldstein founded Grandview Capital Partners, Inc. where he continues to serve as chairman and chief executive officer to this date. He is the Chief Executive Officer of Exchange Listing, LLC, which he founded in 2019. He currently serves as a member of the board of directors of Siyata Mobile, Inc. and Cosmos Holdings, Inc. From 2013 to 2015 he served in various roles, including as a director, interim president and chief financial officer of American Patriot Brands, Inc. In 2012 he co-founded Staffing 360 Solutions, Inc., where he served in various roles, including chairman of the board of directors and principal financial officer until 2014. He received his master's degree in international business from the University of Miami.

Dr. Peter Vaughan – (Appointed 1 December 2022, resigned 16 December 2022)

Dr. Peter Vaughan is the former Chairman of wellteq Digital Health Inc. and has an extensive history in healthcare, corporate and politics recognized by his appointment to the Order of Canada “for his contributions to Canada’s health care system, and for his pioneering leadership in the establishment and advancement of digital health”. Prior to this he has also held positions as the former Deputy Minister of Health and Wellness, Province of Nova Scotia, an emergency, and family physician and RCAF Flight Surgeon, he also serves as Board Chair of Canada Health Infoway and Chair of the Finance and Audit Committee, Treasurer and Board member of the SCAN-H at the University of Windsor Odette School of Business.

Ms. Jacqueline Yee – (Appointed 20 December 2022)

Ms. Yee brings more than 30years’ experience from 11 countries spanning EMEA-America-APAC, comprising a track record in Capital Markets Structured Products & Special Situations M&A having consulted or advised over \$25 billion in deal value. She is currently the CEO of Funderbeam Markets Pte Ltd - an MAS RMO & CMS licensed fintech securities exchange for private companies and holds non-executive director positions in addition to AHI’s director ship.

Vlado Bosanac Founder and Head of Strategy

Mr. Vlado Bosanac is the founder of Advanced Health Intelligence (AHI), a company at the forefront of digital health technology. With a multifaceted background in technology, entrepreneurship, deal origination, capital markets, and negotiation, Vlado has dedicated his career to the intersection of healthcare, innovation, and business.

His expertise in deal origination has enabled him to identify and capitalize on unique opportunities for AHI, while his understanding of capital markets has been instrumental in securing the resources necessary for AHI's growth and expansion. Vlado's negotiation skills have further contributed to the formation of strategic partnerships and agreements that have positioned AHI as a leader in its field.

Vlado's passion for leveraging technology to enhance healthcare accessibility and efficiency led to the creation of AHI's groundbreaking Biometric Health Assessment, a pioneering solution that continues to shape the industry.

His leadership is characterized by his commitment to continuous innovation, strategic thinking, and a patient-centric approach. He is known for his ability to navigate complex negotiations and financial landscapes, ensuring the alignment of AHI's goals with market opportunities.

In addition to his role at AHI, Vlado is a respected figure in the broader tech community, often speaking at conferences and engaging with industry stakeholders to promote collaboration and advancement in digital health.

His work has earned him recognition and respect within the industry, and his vision, coupled with his acumen in deal origination, capital markets, and negotiation, continues to drive AHI forward, making quality care more accessible and personalized for individuals around the world.

Family Relationships

None of our directors or executive officers has a family relationship.

Directors' Interests

The relevant interest of each director, as defined by section 608 of the Corporations Act, in the share capital of the Company, as notified by the directors to the ASX in accordance with section 205G(1) of the Corporations Act, at the date of this report are as follows:

Director	Number of ordinary shares	Number of options over ordinary shares
Nicholas Prosser	7,265,036	-
Scott Montgomery	616,410	-
Dr Katherine Iscoe	34,291,864	-
Michael Melby	4,000,000	-
Dato Koon Poh Low	300,000	-
Peter Goldstein	-	140,000
Jacqueline Yee	-	-

Meeting of Directors

The number of meetings our board of directors (including committee meetings of directors) held during the year ended June 30, 2023 and the number of meetings attended by each director were:

Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nomination and Corporate Governance Committee	
	A	B	A	B	A	B	A	B
Nicholas Prosser	20	20	4	4	1	1	1	1
Michael Melby	20	20	-	-	1	1	1	1
Dato Low Koon Poh	20	20	4	4	-	-	-	-
Peter Goldstein	20	19	4	4	-	-	-	-
Scott Montgomery ¹	12	12	-	-	-	-	-	-
Dr Katherine Iscoe	20	20	-	-	-	-	-	-
Jacqueline Yee ²	11	11	2	2	1	1	1	1
Peter Vaughan	2	2	-	-	-	-	-	-

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

B = Number of meetings attended

— = Not a member of the relevant committee

(1) Scott Montgomery was appointed on 1 December 2022.

(2) Jacqueline Yee was appointed on 20 December 2022.

Board Diversity

The table below provides certain information regarding the diversity of our board of directors as of the date of this annual report.

Board Diversity Matrix

Country of Principal Executive Officers:	Singapore and Australia
Foreign Private Issuer	Yes
Disclosure Prohibited under Home Country Law	No
Total Number of Directors	7

	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	2	5	-	-
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction	-	-	-	-
LGBTQ+	-	-	-	-
Did Not Disclose Demographic Background	-	-	-	-

B. COMPENSATION

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

	<u>Short Term</u>	<u>Post- Employment</u>			<u>Proportion Performance Related %</u>
	<u>Base Salary and Consulting Fees \$</u>	<u>Short Term Incentive \$</u>	<u>Superannuation Contributions \$</u>	<u>Value of Share- based Payments) \$</u>	
June 30, 2023					
<i>Directors and Key Management Personnel:</i>					
Dr Katherine Iscoe	257,226	-	27,009	-	284,235
Scott Montgomery ¹	212,916	-	-	-	212,916
Michael Melby	36,000	-	-	-	36,000
Nicholas Prosser	37,385	-	3,925	-	41,310
Dato Low Koon Poh	36,000	-	-	-	36,000
Peter Goldstein	53,434	-	-	-	53,434
Jacqueline Yee ²	18,000	-	-	-	18,000
Simon Durack	277,313	-	-	-	277,313
Total	928,274	-	30,934	-	959,208

¹ Mr Montgomery was appointed on December 1, 2022.

² Ms Yee was appointed on December 20, 2022.

C. BOARD PRACTICES

Board of Directors

Our Board consists of seven directors, five of whom are “independent” within the meaning of Section 5605(a)(2) of the NASDAQ Listing Rules and will meet the criteria for independence set forth in Rule 10A-3 of the Exchange Act.

Terms of Directors and Executive Officers

Each of our directors holds office for a period of 3 years, once elected by shareholders, and at the end of each 3-year period, being eligible, offers themselves for re-election at the next Annual General Meeting. If a Director is appointed by the Board to fill a casual vacancy on the Board, that director holds office until the next Annual General Meeting, at which being eligible offers themselves for election to the Board. All of our executive officers are appointed by and serve at the discretion of our Board.

Qualification

There is currently no shareholding qualification for directors, although a shareholding qualification for directors may be fixed in the future by our shareholders by ordinary resolution.

ASX Corporate Governance Principles

In Australia there are no mandatory corporate governance structures and practices that must be observed by a company listed on the ASX. Instead, the ASX Corporate Governance Council has published the ASX Corporate Governance

Principles and Recommendations (4th edition), which contains what are called the “Recommendations,” which articulate eight core principles (and associated recommendations) which are intended to provide a reference point for companies about their corporate governance structures and practices, and against which companies must report.

Under ASX listing Rule 4.10.3, companies are required to provide a statement in their annual report to shareholders disclosing the extent to which they have followed the Recommendations in the reporting period. Where a company has not followed all the Recommendations, it must identify the Recommendations that have not been followed, the reasons for not following them, and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period. It is not mandatory to follow the Recommendations. We believe we are in material compliance with the ASX Corporate Governance Principles and Recommendations.

Set forth below are the material provisions of the ASX Corporate Governance Principles and Recommendations together with the reasons related to the fiscal year ended June 30, 2023, where applicable, for variations there from:

1. Lay solid foundations for management and oversight. Companies should clearly delineate the respective roles and responsibilities of board and management and regularly review their performance. During the year ended June 30, 2023, we did not follow the Recommendations in the following area:
 - a. The Company did not have a formal process for the evaluation of the performance of senior executives during the 2023 financial year. As the Company matures, the Board will establish formal quantitative and qualitative performance evaluation procedures. Until such time as formal procedures are implemented, the Chief Executive Officer will assess the performance of senior executives. The Company considers that a formal process is not essential at this stage and that performance evaluation can be effectively assessed on an informal basis.
 - b. Although no formal performance evaluation has been undertaken during the year ended June 30, 2023, senior managers have been issued with securities with various performance milestones, under the Company’s Incentive Plans. An individual’s performance is measured and evaluated during the year against the milestones set under the Offer of the securities.
 2. Structure the Board to be effective and add value. Listed companies should have a board of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value. During the year ended June 30, 2023, AHI did not follow this Recommendations in the following area:
 - a. The Company does not have a formal board skills matrix. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the Company.
 3. Instill a culture of acting lawfully, ethically and responsibly. A listed entity should instill and continually reinforce a culture across the organization of acting lawfully, ethically and responsibly.
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4. Safeguard the integrity of corporate reports. A listed entity should have appropriate processes to verify the integrity of its corporate reports.
 - a. The Board has an Audit and Risk committee and amended its Audit and Risk Committee Charter to comply with both NASDAQ and ASX listing rules.
 5. Recognize and manage risk. A listed entity should establish a sound system of risk management and periodically review the effectiveness of that framework.

- a. The Board has an Audit and Risk committee.
6. Remunerate fairly and responsibly. A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.
 - a. The Board has a Remuneration Committee, also known as a Compensation Committee

Committees of the Board of Directors

There are three Committees under the Board: an Audit and Risk Committee, a Remuneration (Compensation) Committee, and a Nominating and Corporate Governance Committee. The Company also has a formal charter for each of the Audit and Risk, Remuneration (Compensation) and Nominating and Corporate Governance committees as well. The Company has determined that Nicholas Prosser, Non-Executive Chairman, Dato Low Koon Poh Non-Executive Director, Michael Melby Non-Executive Director, Peter Goldstien Non-Executive Director, and Jacqueline Yee Non-Executive Director, satisfies the "independence" requirements of Section 5605(a)(2) of the NASDAQ Listing Rules and Rule 10A-3 under the Securities Exchange Act. Each Committee's members and functions are described below.

Members will serve on these committees until their resignation or until otherwise determined by the Board of Directors.

Audit and Risk Committee. Each of our Audit and Risk Committee members satisfy the "independence" requirements of the NASDAQ listing rules and meet the independence standards under Rule 10A-3 under the Exchange Act. We have determined that Dato Low Koon Poh, independent director possesses accounting or related financial management experience that qualifies him as an "audit committee financial expert" as defined by the rules and regulations of the SEC. The Audit and Risk Committee will oversee our accounting and financial reporting processes and the audits of the financial statements of our company. The Audit and Risk Committee will be responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial and other risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors;
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance; and
- review the Company's risk management framework including in relation to economic, environmental, and social sustainability risk at least annually.

The members of the Audit and Risk Committee are Dato Low Koon Poh (Chair), Nicholas Prosser, Peter Goldstein and Jacqueline Yee.

Remuneration (Compensation) Committee. All of our Remuneration (Compensation) Committee members satisfy the “independence” requirements of the NASDAQ listing rules and meet the independence standards under Rule 10A-3 under the Exchange Act. The Remuneration (Compensation) Committee will assist the board in reviewing and approving the remuneration structure, including all forms of remuneration, relating to our directors and executive officers. Our Chief Executive Officer may not be present at any Committee meeting during which his remuneration is deliberated. The Remuneration (Compensation) Committee will be responsible for, among other things:

- reviewing and approving the total remuneration package for our most senior executive officers;
- approving and overseeing the total remuneration package for our executives other than the most senior executive officers;
- reviewing and recommending to the board with respect to the remuneration of our directors;
- reviewing periodically and approving any long-term incentive remuneration or equity plans;
- selecting remuneration consultants, legal counsel or other advisors after taking into consideration all factors relevant to that person’s independence from management; and
- reviewing programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

The members of the Remuneration (Compensation) Committee are Nicholas Prosser (Chair), Michael Melby and Jacqueline Yee.

Nominating and Corporate Governance Committee. Our Nominating and Corporate Governance Committee members satisfy the “independence” requirements of the NASDAQ listing rules and meet the independence standards under Rule 10A-3 under the Exchange Act. The Nominating and Corporate Governance Committee will assist the Board in selecting individuals qualified to become our directors and in determining the composition of the board and its Committees. The Nominating and Corporate Governance Committee is responsible for, among other things:

- identifying and recommending nominees for election or re-election to our Board or for appointment to fill any vacancy;
- reviewing annually with our Board its current composition in light of the characteristics of independence, age, skills, experience and availability of service to us;
- identifying and recommending to our Board to serve as members of Committees;
- advising the board periodically with respect to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to our Board on all matters of corporate governance and on any corrective action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

The members of the *Nominating and Corporate Governance Committee* are Nicholas Prosser (Chair), Michael Melby, and Jacqueline Yee.

Code of Business Conduct and Ethics

Our Board has adopted a code of business conduct which we have amended in order to be current and comply with the standards expected of NASDAQ listed companies. The amended code of conduct codifies the business and ethical principles that govern all aspects of our business.

Duties of Directors

Under Australian law, our directors have a duty to act honestly, in good faith and in the best interests of all shareholders. Our directors also have a duty to exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their fiduciary duty to the shareholders of the Company, our directors must ensure compliance with our Constitution. Our shareholders may have the right to seek damages from either the Company, the directors personally, or both, if a duty owed by our directors is breached.

The functions and powers of our Board include, among others:

- exercising the borrowing powers of the company and mortgaging the property of the Company;
- executing checks, promissory notes and other negotiable instruments on behalf of the Company;
- maintaining or registering a register of mortgages, charges or other encumbrances of the company;
- adopt any scheme or plan in the best interests of the Company designed to provide retiring or superannuation benefits for both present and future non-executive directors;
- delegate any of their powers to a committee consisting of such of their number as they may determine; and
- appoint any person to be attorney of the Company.

D. EMPLOYEES

As of June 30, 2023, we had 32 full-time employees. Our employees are located in Australia, Singapore, South Africa, the USA and the Netherlands.

We enter into employment contracts with all of our full-time employees. In addition to salaries and benefits, we provide performance-based incentives for some of our full-time employees.

E. SHARE OWNERSHIP

Beneficial Ownership of Executive Officers and Directors

The following table sets forth certain information as of October 30, 2023 regarding the beneficial ownership of our ordinary shares by each of our directors and executive officers and by all our directors and executive officers as a group:

The number of shares in the Company held during the financial period by key management personnel of the consolidated entity, including their related parties are set out below:

Name	Balance at July 1, 2022	Received during the period as remuneration	Other changes during the period	Balance at October 30, 2023	% held
Scott Montgomery	-	-	616,410	616,410	0.28%
Dr Katherine Iscoe ¹	16,900,000	-	17,391,864	34,291,864	15.75%
Vlado Bosanac ²	5,391,864	-	12,000,000/(17,391,864)	-	-
Michael Melby	4,000,000	-	-	4,000,000	1.84%

Nicholas Prosser	7,265,036	-	-	7,265,036	3.34%
Dato Low Koon Poh	300,000	-	-	300,000	0.138%
Peter Goldstein	-	-	-	-	-
Jacqueline Yee	-	-	-	-	-
Simon Durack JP	-	-	-	-	-

¹ Resigned as CEO on December 1, 2022.

² Mr Bosanac held 12,000,000 performance rights in the Company, which were exercised for 12,000,000 ordinary shares.

- (1) Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.
- (2) The percentages shown are based on 217,703,969 ordinary shares issued and outstanding as of October 30, 2023.

Stock Option Plans

The Company has two stock option plans, the Incentive Performance Rights Plan and the Incentive Options Plan.

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.

The Incentive Performance Rights Plan pertains to the offer of performance rights to Eligible Participants, while the Incentive Options Plan pertains to the offer of options to Eligible Participants.

Eligible Participant means:

- (a) a Director (whether executive or non-executive) of any Group Company;
- (b) a full or part time employee of any Group Company;
- (c) a casual employee or contractor of a Group Company to the extent permitted by applicable regulatory relief in Australia; or
- (d) a prospective participant, being a person to whom the Offer is made but who can only accept the Offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under Rules (a), (b) or (c) above, who is declared by the Board to be eligible to receive grants of Performance Rights under the Plan.

The purpose of each plan is to:

- (a) assist in the reward, retention and motivation of Eligible Participants;
- (b) link the reward of Eligible Participants to performance and the creation of Shareholder value;
- (c) align the interests of Eligible Participants more closely with the interests of Shareholders by providing an opportunity for Eligible Participants to receive Shares;
- (d) provide Eligible Participants with the opportunity to share in any future growth in value of the Company;
and
- (e) provide greater incentive for Eligible Participants to focus on the Company's longer-term goals.

Australian Disclosure Requirements

Indemnifying directors and officers

During the financial year, we maintained an insurance policy to indemnify all current directors and officers against certain liabilities incurred as a director or officer, including costs and expenses associated in successfully defending legal proceedings. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. We have not otherwise, during or since the financial year, indemnified or agreed to indemnify an Officer or Auditor of our Group or any related body corporate against a liability incurred as such an Officer or Auditor.

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Share options on issue during or since the end of the financial year

During or since the end of the financial year the unissued ordinary shares of Advanced Health Intelligence Ltd (formerly known as Advanced Human Imaging Ltd) under options were as follows:

Grant Date	Number of options granted	Exercise price (cents)	Vesting date	Expiry date
1 Feb 2019	200,000	65	31 Dec 2020	31 Dec 2023
19 Oct 2020	4,246,958	160	19 Oct 2020	19 Oct 2023
7 Feb 2022	140,000	110	7 Feb 2022	18 Jan 2025
7 Feb 2022	700,000	150	7 Feb 2022	7 Feb 2025
13 Jun 2023	2,500,000	35	13 Jun 2023	13 Jun 2025
Total	7,786,958			

During the year ended 30 June 2022, the following options were exercised:

Grant Date	Number of options exercised	Exercise price	Vesting date	Expiry date
21 Dec 2016	750,000	\$ 0.10	31 Dec 2018	31 Dec 2021
21 Dec 2016	500,000	\$ 0.10 ¹	26 Oct 2019	30 Dec 2021
31 Jul 2018	250,000	\$ 0.50 ¹	31 Dec 2019	31 Dec 2022
31 Jul 2018	250,000	\$ 0.50 ¹	31 Dec 2020	31 Dec 2023
12 Feb 2019	58,333	\$ 0.60	5 Mar 2019	20 Feb 2022
27 Nov 2019	500,000	\$ 0.60	4 Dec 2020	4 Dec 2022
24 Feb 2020	100,000	\$ 0.50 ²	31 Jan 2021	31 Jan 2022

Total 2,408,333

During the year ended 30 June 2023, no options were exercised.

Proceedings on behalf of our Group

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

Non-audit services

Non-audit services were provided by the Company's former Auditor, PKF Perth, and included taxation and other services amounting to \$16,930 for the year ended June 30, 2023.

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Corporate governance statement

In accordance with ASX listing Rule 4.10.3, the Company's 2023 Corporate Governance Statements can be found on its website at www.ahi.tech/investors.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

As of October 30, 2023, Mad Scientist Pty Ltd held 16,900,000 ordinary shares (or ADS equivalents), or 7.76% of our ordinary shares. The beneficial owner of all the shares in Mad Scientist is Dr Katherine Iscoe. Dr Katherine Iscoe also owns a further 17,391,864 ordinary shares in her own name or 7.99% of our ordinary shares.

There are no other shareholders known to us who beneficially own more than 5% of our ordinary shares.

Significant Changes in the Ownership of Major Shareholders

There have been no other significant changes in the ownership of major shareholders during the year.

A major shareholder would not have different voting rights.

Record Holders

As of October 30, 2023, there were 4,260 holders of record of our ordinary shares. The majority of trading by our U.S. investors is done by means of ADSs that are held of record by The Bank Of New York Mellon, a New York banking corporation which held 25.91% of our ordinary shares including as of such date.

B. RELATED PARTY TRANSACTIONS

On December 19, 2022, Vlado Bosanac, a former Director of the Company, elected to exercise 10,000,000 performance rights, which had previously vested in him after meeting the vesting criteria, into 10,000,000 fully paid ordinary shares in the Company. Mr Bosanac then sold these shares in an off-market transfer to his partner, Dr Katherine Iscoe, who is an Executive Director of the Company.

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

During 2023, 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 \$Nil (2022: \$189,765).

For more information, see “Note 36. Related party disclosures” in the Notes to the financial statements included in this annual report.

Other than compensation paid to directors and executive personnel, there were no related party transactions with our officers or directors to report for the financial year ended June 30, 2023.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

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ITEM 8. FINANCIAL INFORMATION

A. FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

See “*Item 18. Financial Statements*” of this Annual Report for the consolidated financial statements and other financial information.

Legal Proceedings

From time to time, we are involved in litigation or other legal proceedings incidental to our business. We are not currently a party to any litigation the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our business, operating results, cash flows or financial condition.

Dividend Distribution Policy

We have never declared or paid cash dividends on our common shares. We currently do not have any plans to pay cash dividends. Rather, we currently intend to retain all of our available funds and any future earnings to operate and grow our business.

B. SIGNIFICANT CHANGES

Not applicable.

ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

Australian Securities Exchange

Our ordinary shares have traded on the ASX since our initial public offering on August 17, 2015, under the symbol “MYQ”. On March 5, 2021, we changed our name to Advanced Human Imaging Ltd and our shares have traded under the symbol “AHI” since that date. On December 8, 2022, we changed our name to Advanced Health Intelligence Ltd.

NASDAQ Capital Market

On November 19, 2021, our ADSs began trading on the NASDAQ Capital Market under the symbol “AHI.”

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

We were incorporated on October 1, 2014, as an Australian corporation under the name MyFiziq, Ltd. We listed our Ordinary Stock on the Australian Securities Exchange (ASX) in 2015. On March 5, 2021, we changed our name to Advanced Human Imaging Ltd and on December 8, 2022, we changed our name to Advanced Health Intelligence Ltd.

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

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ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

We were incorporated on October 1, 2014, as an Australian corporation under the name MyFiziq Ltd. We listed our Ordinary Stock on the Australian Securities Exchange (ASX) in 2015. On March 5, 2021, we changed our name to Advanced Human Imaging Ltd. On December 8, 2022, we changed our name to Advanced Health Intelligence Ltd. Our registration number is ACN 602 111 115.

The following description of our share capital is only a summary.

Our constituent document or governing rules is a constitution (the “Constitution”). Our Constitution is subject to the terms of the Listing Rules of the ASX and the *Corporations Act 2001* (the “Corporations Act”). Our Constitution is similar in nature to the by-laws of a company incorporated under the laws of the U.S. Our Constitution does not provide for or prescribe any specific objects or purposes. The rights and restrictions attaching to Ordinary Shares are derived through a combination of our Constitution, the common law applicable to Australia, the Listing Rules of the ASX, the Corporations Act, and other applicable law. A general summary of some of the rights and restrictions attaching to Ordinary Shares are summarized below. Each Ordinary Shareholder is entitled to receive notice of and to be present, to vote and to speak at general meetings of the Company. Our Constitution permits the rights or restrictions attached to any shares or class or shares to be amended or repealed and replaced by special resolution of at least 75% of the shareholders affected by such amendment.

Ordinary Shares

Our Ordinary Shares have no par value. Subject to the Listing Rules of the ASX, we are authorized to issue an unlimited number of Ordinary Shares.

Dividends

Holders of Ordinary Shares are entitled to receive such dividends as may be declared by the Board. All dividends are declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid. There have been no dividends paid to holders of Ordinary Shares to date.

Voting

Holders of Ordinary Shares have the right to receive notice and attend and vote at all general meetings.

Rights to Share in the Surplus in the Event of Winding Up

Our Constitution provides for the right of shareholders to participate in a surplus in the event of our winding up, subject to any amounts unpaid on the shares and the rights attaching to a class of shares.

No Redemption Provision for Ordinary Shares

There are no redemption provisions in our Constitution in relation to ordinary shares. Under our Constitution, we may issue and allot preference shares, which are liable to be redeemed. Under the Corporations Act, redeemable preference shares may only be redeemed if those preference shares are fully paid-up and payment in satisfaction of redemption is out of profits or the proceeds of a new issue of shares made for the purposes of the redemption.

Variation of Class Rights

The Corporations Act provides that if a company has a constitution that sets out the procedure for varying or cancelling rights attached to shares in a class of shares, those rights may be varied or cancelled only in accordance with the procedure. The rights attached to our Ordinary Shares may only be varied with the consent in writing of holders holding at least three-quarters of the shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of shares of that class. The issue of preference shares may in certain circumstances constitute a variation of class rights requiring approval by holders of Ordinary Share in this manner.

Right to Share in Our Profits

Pursuant to our Constitution, our shareholders are entitled to participate in our profits by payment of dividends. Our board of Directors may from time to time determine to pay dividends to the shareholders. However, any such dividend may only be payable in accordance with the requirements set out in the Corporations Act described above.

Rights to Share in the Surplus in the Event of Winding Up

Our Constitution provides for the right of shareholders to participate in a surplus in the event of our winding up, subject to the rights attaching to a class of shares.

No Redemption Provision for Ordinary Shares

There are no redemption provisions in our Constitution in relation to ordinary shares. Under our Constitution, shares may be issued and allotted, which are liable to be redeemed. Under the Corporations Act, redeemable preference shares may only be redeemed if those preference shares are fully paid-up and payment in satisfaction of redemption is out of profits or the proceeds of a new issue of shares made for the purposes of the redemption.

Options

The Company provides long term incentives to Directors and Employees pursuant to the MyFiziq Limited Incentive Option Plan (approved by shareholders on November 27, 2019) or the MyFiziq Limited Incentive Performance Rights Plan (approved by shareholders on February 16, 2017 and re-approved on December 11, 2020).

Holders of options shall have no right to vote on any resolutions at a meeting of shareholders, unless and until the option is exercised and Ordinary Shares are held. The options are to be issued at a price determined by the Board and for no consideration. Subject to the Listing Rules of the ASX, the exercise price, duration and other relevant terms of an option is to be determined by the Board in its sole discretion.

Shareholders Meetings

We must hold an annual general meeting within five months of the end of each fiscal year. Our end of fiscal year is currently June 30 each year. At the annual general meeting, shareholders typically consider the annual financial report, directors' report and auditor's report and vote on matters, including the election of directors and the appointment of the auditor (if necessary). We may also hold other meetings of shareholders from time to time. The annual general meeting must be held in addition to any other meetings which we may hold.

Unless applicable law or our Constitution requires a special resolution, a resolution of shareholders is passed if more than 50% of the votes at the meeting are cast in favor of the resolution by shareholders in person or proxy entitled to vote upon the relevant resolution. A special resolution is passed if the notice of meeting sets out the intention to propose the special resolution and it is passed if at least 75% of the votes at the meeting are cast by shareholders in person or proxy entitled to vote upon the relevant resolution.

A special resolution usually involves more important questions affecting us as a whole or the rights of some or all of our shareholders. Special resolutions are required in a variety of circumstances under our Constitution and the Corporations Act, including without limitation:

- to change our name;
 - to amend or repeal and replace our Constitution;
 - to approve the terms of issue of preference shares;
 - to approve the variation of class rights of any class of shareholders;
 - to convert one class of shares into another class of shares;
 - to approve certain buy backs of shares;
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- to approve a selective capital reduction of our shares;
 - to approve financially assisting a person to acquire our shares;
 - to change our company type;
 - with the leave of an authorized Australian court, to approve our voluntary winding up;

- to confer on a liquidator, with either general or specific authority in respect of compensation arrangements of such liquidator; and
- to approve an arrangement entered into between a company about to be, or in the course of being, wound up.

Shareholder Voting Rights

At a general meeting, every shareholder present (in person or by proxy, attorney or representative) and entitled to vote has one vote on a show of hands. Every shareholder present (in person or by proxy, attorney or representative) and entitled to vote has one vote per fully paid Ordinary Share and that portion of a vote for any partly paid share that the amount paid on the partly paid share bears to the total amounts paid and payable, on a poll. This is subject to any other rights or restrictions which may be attached to any shares or the Listing Rules of the ASX or the Corporations Act which may prevent interested parties from voting on a matter. In the case of an equality of votes on a resolution at a meeting (whether on a show of hands or on a poll), the chairman of the meeting has a deciding vote in addition to any vote that the chairman of the meeting has in respect of that resolution.

Issue of Shares and Changes in Capital

Subject to our Constitution, the Corporations Act, the Listing Rules of the ASX and any other applicable law, we may at any time issue shares and grant options or warrants on any terms, with preferred, deferred or other special rights and restrictions and for the consideration and other terms that the directors determine. Our power to issue shares includes the power to issue bonus shares (for which no consideration is payable to us), preference shares (including redeemable preference shares) and partly paid shares.

Pursuant to the Listing Rules of the ASX, our Board may in their discretion issue securities to persons who are not related parties of our Company or persons otherwise the subject of rule 10.11 of the Listing Rules of the ASX, without the approval of shareholders, if such issue, when aggregated with securities issued by us (without either shareholder approval or pursuant to an exemption set out in the Listing Rules of the ASX) during the previous 12-month period would be an amount that would not exceed 15% of our issued share capital at the commencement of the 12-month period (or a combined limit of up to 25% of our issued share capital, subject to certain conditions, if prior approval for the additional 10% is obtained from shareholders at our annual meeting of shareholders). Other allotments of securities require approval by an ordinary resolution of shareholders unless these other allotments of securities fall under a specified exception under the Listing Rules of the ASX.

Under our Constitution, we may issue preference shares. There are no preference shares issued or allotted as at the date of this prospectus.

Subject to the requirements of our Constitution, the Corporations Act, the Listing Rules of the ASX and any other applicable law, we may:

- consolidate or divide our share capital into a larger or smaller number by resolution passed by shareholders at a general meeting;
- reduce our share capital provided that the reduction is fair and reasonable to our shareholders as a whole, and does not materially prejudice our ability to pay creditors. If the reduction is an equal reduction it is required to be approved by resolution passed by shareholders at a general meeting, while if it is a selective reduction, it is required to be approved by special resolution passed by at least 75% of the votes cast by shareholders who vote by person or proxy at a duly convened shareholders meeting (and are not otherwise excluded by law);
- undertake an equal access buyback of our Ordinary Shares by ordinary resolution of shareholders (although if we have bought back less than 10% of our shares over the period of the previous 12 months, shareholder approval may not be required); and
- undertake a selective buyback of certain shareholders' shares by special resolution passed by at least 75% of the votes cast by shareholders who vote by person or proxy at a duly convened shareholders meeting (and

are not otherwise excluded by law), with no votes being cast in favor of the resolution by any person whose shares are proposed to be bought back or by their associates.

In certain circumstances, including the division of a class of shares into further classes of shares, the issue of additional shares or the issue of a new class of shares, we may require the approval of any class of shareholders whose rights are varied or are taken to be varied by special resolution of shareholders generally and by special resolution of the holder of shares in that class whose rights are varied or taken to be varied.

Dividends may be paid on shares of one class but not another and at different rates for different classes but must be paid at the same rate amongst one class.

Takeover Approval Provisions

Under our Constitution, any proportional takeover scheme must be approved by those shareholders holding shares included in the class of shares in respect of which the offer to acquire those shares was first made. The registration of the transfer of any shares following the acceptance of an offer made under a scheme is prohibited until that scheme is approved by the relevant shareholders. This provision must be renewed by shareholders every three years.

Exchange Controls

Australia has largely abolished exchange controls on investment transactions. The Australian dollar is freely convertible into U.S. dollars. In addition, there are currently no specific rules or limitations regarding the export from Australia of profits, dividends, capital or similar funds belonging to foreign investors, except that certain payments to non-residents must be reported to the Australian Cash Transaction Reports Agency, which monitors such transaction, and amounts on account of potential Australian tax liabilities may be required to be withheld unless a relevant taxation treaty can be shown to apply.

Ownership Threshold

There are no provisions in our Constitution which require a shareholder to disclose ownership above a certain threshold. The Corporations Act, however, requires a shareholder to notify us and the ASX once it, together with its associates, acquires a 5% interest in our Ordinary Shares, at which point the shareholder will be considered to be a “substantial” shareholder. Further, once a shareholder owns a 5% interest in us, such shareholder must notify us and the ASX of any increase or decrease of 1% or more in its holding of our Ordinary Shares and must also notify us and the ASX on its ceasing to be a “substantial” shareholder.

Change of Control

Takeovers of listed Australian public companies, such as AHI, are regulated by the Corporations Act, which prohibits the acquisition of a “relevant interest” in issued voting shares in a listed company if the acquisition will lead to that person’s or someone else’s voting power in the company increasing from 20% or below to more than 20% or increasing from a starting point that is above 20% and below 90%, subject to a range of exceptions.

Generally, a person will have a relevant interest in securities if the person:

- is the holder of the securities;
- has power to exercise, or control the exercise of, a right to vote attached to the securities; or
- has the power to dispose of or control the exercise of a power to dispose of, the securities, including any indirect or direct power or control.

If, at a particular time, a person has a relevant interest in issued securities and the person:

- has entered or enters into an agreement with another person with respect to the securities;
- has given or gives another person an enforceable right, or has been or is given an enforceable right by another person, in relation to the securities (whether the right is enforceable presently or in the future and whether or not on the fulfillment of a condition);
- has granted or grants an option to, or has been or is granted an option by, another person with respect to the securities; or
- the other person would have a relevant interest in the securities if the agreement were performed, the right enforced or the option exercised;

the other person is taken to already have a relevant interest in the securities.

There are a number of exceptions to the above prohibition on acquiring a relevant interest in issued voting shares above 20%. In general terms, some of the more significant exceptions include:

- acquisition relating to takeover bids;
- when shareholders approve the takeover by resolution passed at general meeting;
- an acquisition by a person of no more than 3% in any 6 month period;
- when the acquisition results from the issue of securities under a rights issue;

Breaches of the takeovers provisions of the Corporations Act are criminal offenses. ASIC and the Australian Takeover Panel have a wide range of powers relating to breaches of takeover provisions, including the ability to make orders canceling contracts, freezing transfers of, and rights attached to, securities, and forcing a party to dispose of securities. There are certain defenses to breaches of the takeover provisions provided in the Corporations Act.

The Foreign Acquisitions and Takeovers Act 1975

Under Australian law, foreign persons acquiring shares in an Australian company may require approval from the Australian Treasurer prior to undertaking the acquisition. These requirements are set forth in the *Australian Foreign Acquisitions and Takeovers Act 1975* and the *Foreign Acquisitions and Takeovers Regulations 2015* (together, “Australia’s Foreign Investment Regime”).

Under Australia’s Foreign Investment Regime, as currently in effect, foreign persons must make a mandatory notification to the Australian Treasurer through the Foreign Investment Review Board (“FIRB”) and obtain receipt of a no objections notification from the Australian Treasurer in the following circumstances (among others):

- all foreign persons acquiring a ‘direct interest’ (generally an interest of 10% or more) of the shares in a company that is a ‘national security business’, regardless of value;
- ‘foreign government investors’ acquiring a direct interest in the share of any company, regardless of value; and

- foreign persons that are not ‘foreign government investors’ acquiring a ‘substantial interest’ (generally 20% or more) of the shares in a company which has a total asset value of \$281 million or more (or \$1,216 million or more in the case of investors incorporated in the US).

Please note that acquisitions thresholds take account of interests held by ‘associates’ and there are tracing rules that can apply.

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At present, we do not have total assets of \$281 million and we are not a ‘national security business’.

An entity is a ‘foreign government investor’ if it is:

- a foreign government or separate government entity; or
- a corporation, trust or limited partnership in which foreign government entities/separate government entities from:
 - a single country, together with associates, hold (directly or indirectly) an interest of 20% or more (including through actual or potential voting power); or
 - multiple countries, together with associates, hold (directly or indirectly) interests of 40% or more in aggregate (including through actual or potential voting power) – provided the interest holders do not meet certain passive investor requirements.

“Associates” is a broadly defined term under Australia’s Foreign Investment Regime and includes:

- spouses, lineal ancestors and descendants, and siblings;
- partners, officers of companies, the company or its subsidiaries;
- their shareholders related through substantial shareholdings or voting power;
- corporations whose directors are controlled by the person, or who control a person;
- associations between trustees and substantial beneficiaries of trust estates; and
- for foreign government investors, any foreign government investor from the same country.

There are criminal and civil penalties for breaches of Australia’s Foreign Investment Regime. A breach includes failing to give notice to the Treasurer and obtaining approvals, where notification is mandatory. In addition, the Treasurer may make orders, including requiring the acquirer to dispose of the shares it has acquired within a specified period of time, or imposing conditions if he considers the transaction to be contrary to Australia’s national interest or contrary to Australia’s national security if an application is not made.

Each foreign person seeking to acquire holdings in excess of the above caps (including their associates, as the case may be) would need to complete an application form setting out the proposal and relevant particulars of the acquisition/shareholding. The Australian Treasurer then has 30 days to consider the application and a further 10 days to notify the applicant of that decision. The decision period commences upon receipt of payment of the correct application fee. However, FIRB can request an extension of time. If the applicant does not consent to the extension, FIRB can issue an interim order preventing the foreign person from carrying out the proposed transactions and allowing FIRB a further 90 days to consider the application.

If we become a ‘foreign person’ under Australia’s Foreign Investment Regime, we would be required to obtain the approval of the Australian Treasurer for us, together with our associates, to undertake certain acquisitions of Australian entities, businesses and land.

Due to broad tracing rules in Australia’s Foreign Investment Regime, the percentage of foreign ownership in us may influence the foreign person status of any Australian company or business in which it may choose to invest. We have no current plans for any such acquisition and do not own any property.

Our Constitution does not contain any additional limitations on a non-resident’s right to hold or vote our securities.

Liquidation Rights

After satisfaction of the claims of creditors, preferential payments to holders of outstanding preference shares and subject to any special rights or restrictions attached to shares, on a winding up, any available assets must be used to repay the capital contributed by the shareholders and any surplus must be distributed among the shareholders in proportion to the number of fully paid shares held by them. For this purpose, a partly paid share is treated as a fraction of a share equal to the proportion which the amount paid bears to the total issue price of the share before the winding up began.

If we experience financial problems, the directors may appoint an administrator to take over our operations to see if we can come to an arrangement with our creditors. If we cannot agree with our creditors, we may be wound up.

A receiver, or receiver and manager, may be appointed by order of a court or under an agreement with a secured creditor to take over some or all of the assets of a company. A receiver may be appointed, for example, because an amount owed to a secured creditor is overdue.

We may be wound up by order of a court, or voluntarily if our shareholders pass a special resolution to do so. A liquidator is appointed when a court orders a company to be wound up or the shareholders of a company pass a resolution to wind us up. A liquidator is appointed to administer the winding up of a company.

American Depositary Shares

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent Ordinary Shares (or a right to receive Ordinary Shares) deposited with HSBC Australia, as custodian for the depositary in Australia. Each ADS will also represent any other securities, cash or other property that may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary’s office at which the ADSs will be administered and its principal executive office are located at 240 Greenwich Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called “DTC”.

If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Australian law governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR.

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

Cash. The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency if it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some of the value of the distribution.*

Shares. The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

Rights to purchase additional shares. If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. *In that case, you will receive no value for them.* The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights

or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

Other Distributions. The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

You may surrender your ADSs to the depositary for the purpose of withdrawal. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. However, the depositary is not required to accept surrender of ADSs to the extent it would require delivery of a fraction of a deposited share or other security. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

How do ADS holders interchange between certificated ADSs and uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

Voting Rights

How do you vote?

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of Australia and the provisions of our articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

Except by instructing the depositary as described above, you won't be able to exercise voting rights unless you surrender your ADSs and withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise voting rights and there may be nothing you can do if your shares are not voted as you requested.

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to Deposited Securities, if we request the Depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 45 days in advance of the meeting date.

Fees and Expenses

Persons depositing or withdrawing shares or ADS holders must pay:

US\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

US\$0.05 (or less) per ADS

A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs

US\$0.05 (or less) per ADS per calendar year

Registration or transfer fees

Expenses of the depositary

For:

Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property

Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates

Any cash distribution to ADS holders

Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders

Depositary services

Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares

Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement)

Converting foreign currency to U.S. dollars

Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes As necessary

Any charges incurred by the depositary or its agents for servicing the deposited securities As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates, or the custodian or we may convert currency and pay U.S. dollars to the depositary. Where the depositary converts currency itself or through any of its affiliates, the depositary acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained by it or its affiliate in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligation to act without negligence or bad faith. The methodology used to determine exchange rates used in currency conversions made by the depositary is available upon request. Where the custodian converts currency, the custodian has no obligation to obtain the most favorable rate that could be obtained at the time or to ensure that the method by which that rate will be determined will be the most favorable to ADS holders, and the depositary makes no representation that the rate is the most favorable rate and will not be liable for any direct or indirect losses associated with the rate. In certain instances, the depositary may receive dividends or other distributions from the us in U.S. dollars that represent the proceeds of a conversion of foreign currency or translation from foreign currency at a rate that was obtained or determined by us and, in such cases, the depositary will not engage in, or be responsible for, any foreign currency transactions and neither it nor we make any representation that the rate obtained or determined by us is the most favorable rate and neither it nor we will be liable for any direct or indirect losses associated with the rate.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you

will remain liable for any deficiency. If the depository sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities

The depository will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do so by an ADS holder surrendering ADSs and subject to any conditions or procedures the depository may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depository as a holder of deposited securities, the depository will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a sub-division, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depository receives new securities in exchange for or in lieu of the old deposited securities, the depository will hold those replacement securities as deposited securities under the deposit agreement. However, if the depository decides it would not be lawful and practical to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depository may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depository will continue to hold the replacement securities, the depository may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADSs in exchange for new ADSs identifying the new deposited securities.

If there are no deposited securities underlying ADSs, including if the deposited securities are cancelled, or if the deposited securities underlying ADSs have become apparently worthless, the depository may call for surrender of those ADSs or cancel those ADSs upon notice to the ADS holders.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depository to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depository for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depository notifies ADS holders of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

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How may the deposit agreement be terminated?

The depository will initiate termination of the deposit agreement if we instruct it to do so. The depository may initiate termination of the deposit agreement if

- 60 days have passed since the depository told us it wants to resign but a successor depository has not been appointed and accepted its appointment;
- we delist the ADSs from an exchange in the United States on which they were listed and do not list the ADSs on another exchange in the United States or make arrangements for trading of ADSs on the U.S. over-the-counter market;

- we delist our shares from an exchange outside the United States on which they were listed and do not list the shares on another exchange outside the United States;
- the depository has reason to believe the ADSs have become, or will become, ineligible for registration on Form F-6 under the *Securities Act of 1933*;
- we appear to be insolvent or enter insolvency proceedings;
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depository will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depository may sell the deposited securities. After that, the depository will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depository will sell as soon as practicable after the termination date.

After the termination date and before the depository sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depository may refuse to accept a surrender for the purpose of withdrawing deposited securities or reverse previously accepted surrenders of that kind that have not settled if it would interfere with the selling process. The depository may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depository will continue to collect distributions on deposited securities, but, after the termination date, the depository is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

Limitations on Obligations and Liability

Limits on our Obligations and the Obligations of the Depository; Limits on Liability to Holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depository. It also limits our liability and the liability of the depository. We and the depository:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depository will not be a fiduciary or have any fiduciary duty to holders of ADSs;
- are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its ability to prevent or counteract with reasonable care or effort from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;

- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person;
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- the depository has no duty to make any determination or provide any information as to our tax status, or any liability for any tax consequences that may be incurred by ADS holders as a result of owning or holding ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depository agree to indemnify each other under certain circumstances.

Requirements for Depository Actions

Before the depository will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depository may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depository may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depository or our transfer books are closed or at any time if the depository or we think it advisable to do so.

Your Right to Receive the Shares Underlying your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depository has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that

the Direct Registration System, also referred to as "DRS", and Profile Modification System, also referred to as "Profile", will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is a feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of

uncertificated ADSs, to direct the depository to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depository of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depository will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depository's reliance on and compliance with instructions received by the depository through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depository.

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Shareholder communications; inspection of register of holders of ADSs

The depository will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depository will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

Jury Trial Waiver

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depository arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. If we or the depository opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law.

You will not, by agreeing to the terms of the deposit agreement, be deemed to have waived our or the depository's compliance with U.S. federal securities laws or the rules and regulations promulgated thereunder.

C. MATERIAL CONTRACTS

AHI concluded a share sale agreement on August 5, 2022, to acquire 100% of Vertica Health Pty Ltd ("Vertica").

The acquisition of Vertica has brought Vertica's software products into AHI for use within the B2B customers and partners of AHI.

The consideration paid and payable by AHI for the proposed acquisition will comprise:

- cash payments totaling US\$600,000, comprising:
 - US\$100,000 payable on closing;
 - US\$250,000 payable 1 year from closing; and
 - US\$250,000 payable 2 years from closing; and
- 1,500,000 AHI shares, escrowed for 24 months from issue.

Given the value of the consideration payable, AHI doesn't consider that the acquisition is material (in the context of AHI's market capitalization and net asset position) to warrant an announcement to the market under ASX LR 3.1. However, as part of the consideration involves an issue of shares, AHI released an Appendix 3B to the market to satisfy ASX LR 3.10.3.

Commercial activity through June 30, 2023

AHI Reduces Debt

On June 21, 2023, AHI advised shareholders that it had redeemed \$1.75 million of Convertible Notes issued on April 28, 2023. In addition to the repayment of the principal amount of \$1.75 million, the Company has also paid the relevant Note Holders an early repayment fee of 10% of the amount repaid, plus interest accrued since the Convertible Notes were issued by the Company on April 28, 2023. Following this redemption of the Convertible Notes issued on April 28, 2023, Convertible Notes with a principal amount of \$225,460 remain outstanding (refer to the Company's ASX release dated April 28, 2023, for details of the terms of the Convertible Notes).

Pharmak Pharmacy LLC (Pharmak Direct)

On June 21, 2023, AHI informed shareholders that the company has signed a Letter of Intention ("LOI") with UAE-Based e-script medicine management company Pharmak Pharmacy LLC ("Pharmak Direct"). Dubai-based Pharmak Direct is a prominent stakeholder in the Middle Eastern e-script market, providing innovative digital home delivery prescription solutions for Health Insurance policy holders. The company offers a comprehensive platform that enables payers, doctors, and patients to seamlessly manage prescription compliance, delivery and adherence electronically, enhancing the overall healthcare experience. Pharmak represents a transformative shift in the prescription landscape with its e-script dispensing and packaging system ("ESPS"), enabling the company's unique 3-minute e-script-to-packaged capability. By leveraging technology to digitise and streamline the end-to-end prescription process, Pharmak Direct enhances efficiency, accuracy, and patient safety, ultimately improving the overall healthcare experience.

AHI Meets NASDAQ Compliance Requirements

On June 24, 2022, we received a written notification (the "Notice Letter") from NASDAQ indicating that we were not in compliance with NASDAQ Listing Rule 5450(a)(1), as the closing bid price for our ADSs was below the US\$1.00 per share requirement for the last 30 consecutive business days. In accordance with NASDAQ Listing Rule 5810(c)(3)(A), we can regain compliance if the closing bid price of our ADSs is at least US\$1.00 for a minimum of 10 consecutive business days.

On June 20, 2023, we received a determination letter from Nasdaq stating that the Company has not regained compliance with the Nasdaq Rules, in which case trading of our securities will be suspended at the opening of business on June 29, 2023. However, we appealed the determination to a hearings panel (the "Panel"), pursuant to the procedures set forth in the Nasdaq Listing Rule 5800 Series. The hearing was scheduled for August 17, 2023. Accordingly, the delisting action referenced in Nasdaq's determination letter has been stayed, pending a final written decision by the Panel.

To regain compliance with the Rule, on June 30, 2023, we effected a ratio change of the Company's American Depositary Shares (ADSs) to its non-traded ordinary shares from the previous ratio of one (1) ADS representing seven (7) ordinary shares to the new ratio of one (1) ADS representing twenty-eight (28) ordinary shares. The ratio change has the same effect as a reverse split of the existing ADSs of 1 new ADS for every 4 old ADSs. The effective date for the ratio change is June 29, 2023, and the Company's ADSs continued to trade on the NASDAQ under the symbol "AHI" with a new CUSIP Number 00777C 203.

On July 14, 2023, the Company advised the market that as the Company's ratio change has taken effect, the ADSs have traded well above the US\$1.00 for more than ten consecutive business days, Nasdaq staff wrote to the Company advising that its non-compliance had now been cured and the Company was now in full compliance with the Nasdaq listing rules.

Evolution Capital AHI Financing

On June 13, 2023, AHI announced that it had agreed to issue Orca Capital GMBH, an offshore institutional investor, 20,000,000 fully paid ordinary shares, raising \$5,000,000 at \$0.25 cents a share.

AHI has used the net proceeds received from this offering primarily for the Company's current products and business development and marketing, with the remainder of the proceeds to be used for general corporate purposes, including, without limitation, investing in or acquiring companies that are synergistic with or complimentary to our technologies and working capital.

The offering represents a 194% increase to the last traded price on Friday, June 9, 2023, close on ASX was \$0.085.

Kalibra Pte Ltd ("Kalibra")

On May 30, 2023, AHI informed shareholders of the signing of the Master Services Agreement ("MSA") with Singapore based Kalibra Pte Ltd ("Kalibra"). The MSA incorporates information and guidelines, including Commercial undertakings, Software Development Kit, End User License, Technology Support, and the Data Processing Agreement.

Kalibra is a cutting-edge personalized health and longevity platform that leverages data-driven insights and real-time actions to enhance users' healthspan. The company focuses on helping users achieve a harmonious balance among the physical, mental, and social aspects of their health, directing their efforts and attention where it is most needed.

Augmented Reality Concierge, LLC ("ARC")

On February 14, 2023, AHI informed shareholders of the signing of the Master Services Agreement ("MSA") with US-based Augmented Reality Concierge, LLC ("ARC"). The MSA incorporates information and guidelines, including Commercial undertakings, Software Development Kit, End User License, Technology Support, and the Data Processing Agreement.

ARC is a unique company that builds and implements state-of-the-art applications that empower consumers and companies to simplify and enhance their surroundings whilst improving the lives of their consumers. Using the latest proprietary, innovative technologies, ARC's creative tools are fun and exciting, allowing people to engage with them to realize their goals.

Upvio Healthtech

On January 25, 2023 AHI informed shareholders of the signing of the Master Services Agreement ("MSA") with digital health provider UPVIO Healthtech ("Upvio"). The parties have executed the standard AHI MSA which entails the legal and contractual terms in which AHI agrees to grant Upvio the right to use AHI's licensed Software Development Kits (SDKs) and related intellectual property once integrated into the Upvio application/platform. The MSA incorporates the following information and guidelines, Commercial undertakings, Software Development Kit, End User License, Technology Support, and the Data Processing Agreement.

Upvio is a healthcare technology company that has developed a cutting-edge platform designed to empower medical, health and wellness professionals to tech-enable and adopt ground-breaking technology tools that redefine hybrid, virtual and remote care.

One of the key features of Upvio's platform is its multiple contactless data capture streams. These streams enable healthcare professionals to conveniently obtain a detailed and accurate view of their patient's health and risk, via their personal mobile phone or webcam, which turn enables them to provide more targeted and effective care.

Wellteq Acquisition

On December 20, 2022, AHI announced some changes in the Company's Board of Directors. Former wellteq Digital Health Inc. ("wellteq") Chair of the Finance and Audit committee, Ms Jacqueline Yee, joined AHI's Board of Directors as a non-executive independent Director. Ms Yee has an impressive background having spent over 30 years as an institutional finance professional out of New York, London, Amsterdam, Paris and Australia, and currently resides in Singapore. Throughout her career to date, Ms Yee has been involved in over \$25 billion in transaction value with a notable volume of work in the healthcare sector, including restructuring of 27 national hospitals and the drafting of Healthcare Investment Valuation Policy in New Zealand.

On December 7, 2022, AHI announcement the successful acquisition of wellteq Digital Health Inc. (CSE:WTEQ) (OTCQB: WTEQF) ("wellteq") by way of a plan of arrangement under the Business Corporations Act (British Columbia) ("Transaction"). The Transaction has successfully completed as of December 6, 2022, following the issuance of a final order from the Supreme Court of British Columbia ("the Court") on November 30, 2022, approving the Transaction and the satisfaction of the conditions precedent to the Transaction.

Activate Health OÜ

On August 29, 2022, the Company entered into a Master Services Agreement ("Activate MSA") with digital health provider Activate Health OÜ ("Activate"). Activate is a digital health company born in the pandemic on a mission to radically extend the human healthspan. Activate believes that people have an untapped potential to live longer and healthier lives, be active and perform at their best every single day. Activate's platform features unique digital health audits, ready-made lifestyle programs, science-backed daily recommendations and on-demand coaching. Everything a person needs to take their health and performance to the next level.

The parties have executed the standard AHI MSA which entails the legal and contractual terms in which AHI agrees to grant Activate the right to use AHI's licensed Software Development Kits ("SDKs") for IOS and Android platforms for body circumference measurements, face scan measurements and related intellectual property once integrated into the Activate digital therapeutics (DTx) platform.

The Activate MSA incorporates the following information and guidelines: commercial undertakings, software development kit, end-user license, technology support, data processing agreement, fee schedule and professional services, including implementation support and training services, which are to be provided by AHI within the agreement with Activate.

The initial term of the Activate MSA is for two years from commencement and will automatically extend for subsequent consecutive periods each of equivalent length to the initial term. Early termination procedures are included for either party to the Activate MSA.

The pricing mechanism in the Activate MSA is based on either single scans or bulk purchase of scans. Under the terms of the Activate MSA, Activate have purchased a block of 4,000 FaceScans and a block of 4,000 BodyScans for EUR€22,960, which the two scheduled payments have been received.

Activate commenced live beta testing on September 1, 2022, and are in active conversations with multiple B2B for onboarding throughout Q3 and Q4 2023.

D. EXCHANGE CONTROLS

Australia has largely abolished exchange controls on investment transactions. The Australian dollar is freely convertible into U.S. dollars. In addition, there are currently no specific rules or limitations regarding the export from Australia of profits, dividends, capital, or similar funds belonging to foreign investors, except that certain payments to non-residents must be reported to the Australian Cash Transaction Reports Agency, which monitors such transactions, and amounts on account of potential Australian tax liabilities may be required to be withheld unless a relevant taxation treaty can be shown to apply.

The Foreign Acquisitions and Takeovers Act 1975

Under Australian law, in certain circumstances foreign persons are prohibited from acquiring more than a limited percentage of the shares in an Australian company without notification to or approval from the Australian Treasurer. These limitations are set forth in the Australian Foreign Acquisitions and Takeovers Act, or the Takeovers Act.

Under the Takeovers Act, as currently in effect, any foreign person, together with associates, is prohibited from acquiring 15% or more of the shares in any company having total assets exceeding \$266 million or more. In addition, a foreign person may not acquire shares in a company having total assets of \$266 million or more if, as a result of that acquisition, the total holdings of all foreign persons and their associates will exceed 40% in aggregate without the approval of the Australian Treasurer. However, for “U.S. Investors” and investors from certain other countries, a threshold of \$1,154 million applies (except in certain circumstances) to each of the previous acquisitions. A “U.S. Investor” is defined by the Takeovers Act as a U.S. national or a U.S. enterprise.

If the necessary approvals are not obtained, the Treasurer may make an order requiring the acquirer to dispose of the shares it has acquired within a specified period of time. Under the current Australian foreign investment policy, however, it is unlikely that the Treasurer would make such an order where the level of foreign ownership exceeds 40% in the ordinary course of trading, unless the Treasurer finds that the acquisition is contrary to the national interest. The same rule applies if the total holdings of all foreign persons and their associates already exceeds 40% and a foreign person (or its associate) acquires any further shares, including in the course of trading in the secondary market of the ADSs. At present, we do not have total assets of \$266 million.

If the level of foreign ownership exceeds 40% at any time, we would be considered a foreign person under the Takeovers Act. In such event, we would be required to obtain the approval of the Treasurer for our company, together with our associates, to acquire (i) more than 15% of an Australian company or business with assets totaling over \$252 million; or (ii) any direct or indirect ownership interest in Australian residential real estate.

The percentage of foreign ownership in our company would also be included in determining the foreign ownership of any Australian company or business in which it may choose to invest. Since we have no current plans for any such acquisitions and do not own any property, any such approvals required to be obtained by us as a foreign person under the Takeovers Act will not affect our current or future ownership or lease of property in Australia.

Our Constitution does not contain any additional limitations on a non-resident’s right to hold or vote our securities.

Australian law requires the transfer of shares in our company to be made in writing. No stamp duty will be payable in Australia on the transfer of ADSs.

E. TAXATION

The following is a discussion of Australian and U.S. tax consequences material to our shareholders. To the extent that the discussion is based on tax legislation which has not been subject to judicial or administrative interpretation, the views expressed in the discussion might not be accepted by the tax authorities in question or by court. The discussion

is not intended, and should not be construed, as legal or professional tax advice and does not exhaust all possible tax considerations.

Holders of our ADSs should consult their own tax advisors as to the United States, Australian or other tax consequences of the purchase, ownership and disposition of ADSs, including, in particular, the effect of any foreign, state or local taxes.

AUSTRALIAN TAX CONSEQUENCES

In this section we discuss the material Australian tax considerations that apply to non-Australian tax residents with respect to the acquisition, ownership and disposal of the absolute beneficial ownership of ADSs, which are evidenced by ADRs. This discussion is based upon existing Australian tax law as of the date of this annual report, which is subject to change, possibly retrospectively. This discussion does not address all aspects of Australian income tax law which may be important to particular investors in light of their individual investment circumstances, such as ADSs or shares held by investors subject to special tax rules (for example, financial institutions, insurance companies or tax-exempt organisations). In addition, this summary does not discuss any foreign or state tax considerations, other than stamp duty. Prospective investors are urged to consult their tax advisors regarding the Australian and foreign income and other tax considerations of the purchase, ownership and disposition of the ADSs or shares.

Nature of ADSs for Australian Taxation Purposes

Holders of our ADSs are treated as the owners of the underlying ordinary shares for Australian income tax and capital gains tax purposes. Therefore, dividends paid on the underlying ordinary shares will be treated for Australian tax purposes as if they were paid directly to the owners of ADSs, and the disposal of ADSs will be treated for Australian tax purposes as the disposal of the underlying ordinary shares. In the following analysis we discuss the application of the Australian income tax and capital gains tax rules to non-Australian resident holders of ADSs.

Taxation of Dividends

Australia operates a dividend imputation system under which dividends may be declared to be ‘franked’ to the extent of tax paid on company profits. Fully franked dividends are not subject to dividend withholding tax. Dividends that are not franked or are partly franked and are paid to non-Australian resident shareholders are subject to dividend withholding tax, but only to the extent the dividends are not franked.

Unfranked dividends paid to a non-resident shareholder are subject to withholding tax at 30%, unless the shareholder is a resident of a country with which Australia has a double taxation agreement. In accordance with the provisions of the Double Taxation Convention between Australia and the United States., the maximum rate of Australian tax on unfranked dividends to which a resident of the United States is beneficially entitled is 15%, where the U.S. resident holds less than 10% of the voting rights in our company, or 5% where the U.S. resident holds 10% or more of the voting rights in our company. The Double Taxation Convention between Australia and the United States does not apply to limit the tax rate on dividends where the ADSs are effectively connected to a permanent establishment or a fixed base carried on by the owner of the ADSs in Australia through which the shareholder carries on business or provides independent personal services, respectively.

Tax on Sales or other Dispositions of Shares - Capital Gains Tax

Australian capital gains derived by non-Australian residents in respect of the disposal of capital assets that are not taxable Australian property will be disregarded. Non-Australian resident shareholders will not be subject to Australian capital gains tax on the capital gain made on a disposal of our shares, unless they, together with associates, hold 10% or more of our issued capital, tested either at the time of disposal or over any continuous 12 month period in the 24

months prior to disposal, and the value of our shares at the time of disposal are wholly or principally attributable to Australian real property assets.

Australian capital gains tax applies to net capital gains at a taxpayer's marginal tax rate. Previously, certain shareholders, such as individuals were entitled to a discount of 50% for capital gains on shares held for greater than 12 months. However, as part of the 2012-2013 Federal Budget measures, the Australian Government announced changes to the application of the CGT discount for foreign resident individuals on taxable Australian assets, including shares. These changes became effective on June 29, 2013.

The effect of the change is to:

- Retain access to the full CGT discount for discount capital gains of foreign resident individuals in respect of the increase in the value of a CGT asset that occurred before May 9, 2013; and
- Remove the CGT discount for discount capital gains for foreign resident individuals that arise after May 8, 2013.

Foreign residents will still have access to a discount on discount capital gains accrued prior to May 8, 2013 provided they choose to obtain a market valuation for their assets as of that date.

Net capital gains are calculated after reduction for capital losses, which may only be offset against capital gains.

Tax on Sales or other Dispositions of Shares - Shareholders Holding Shares on Revenue Account

Some non-Australian resident shareholders may hold shares on revenue rather than on capital account, for example, share traders. These shareholders may have the gains made on the sale or other disposal of the shares included in their assessable income under the ordinary income provisions of the income tax law, if the gains are sourced in Australia.

Non-Australian resident shareholders assessable under these ordinary income provisions in respect of gains made on shares held on revenue account would be assessed for such gains at the Australian tax rates for non-Australian residents, which start at a marginal rate of 32.5% for non-Australian resident individuals. Some relief from the Australian income tax may be available to such non-Australian resident shareholders under the Double Taxation Convention between the United States and Australia, for example, because the shareholder does not have a permanent establishment in Australia.

To the extent an amount would be included in a non-Australian resident shareholder's assessable income under both the capital gains tax provisions and the ordinary income provisions, the capital gain amount would generally be reduced, so that the shareholder would not be subject to double tax on any part of the income gain or capital gain.

Dual Residency

If a shareholder were a resident of both Australia and the United States under those countries' domestic taxation laws, that shareholder may be subject to tax as an Australian resident. If, however, the shareholder is determined to be a U.S. resident for the purposes of the Double Taxation Convention between the United States and Australia, the Australian tax applicable would be limited by the Double Taxation Convention. Shareholders should obtain specialist taxation advice in these circumstances.

Stamp Duty

A transfer of shares of a company listed on the ASX is not subject to Australian stamp duty except in some circumstances where one person, or associated persons, acquires 90% or more of the shares.

Australian Death Duty

Australia does not have estate or death duties. No capital gains tax liability is realised upon the inheritance of a deceased person's shares. The disposal of inherited shares by beneficiaries, may, however, give rise to a capital gains tax liability.

Goods and Services Tax

The issue or transfer of shares will not incur Australian goods and services.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain material U.S. federal income tax consequences that generally apply to U.S. Holders (as defined below) who hold ADSs as capital assets. This summary is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations promulgated thereunder, judicial and administrative interpretations thereof, and the bilateral taxation convention between Australia and the United States, or the Tax Treaty, all as in effect on the date hereof and all of which are subject to change either prospectively or retroactively. This summary does not discuss all the tax consequences that may be relevant to an investment in ADSs by a U.S. Holder in light of such holder's particular circumstances or to U.S. Holders subject to special rules, including broker-dealers, financial institutions, certain insurance companies, investors liable for alternative minimum tax, tax-exempt organisations, regulated investment companies, non-resident aliens of the U.S. or taxpayers whose functional currency is not the U.S. dollar, persons who hold the ADSs through partnerships or other pass-through entities, persons who acquired their ADSs through the exercise or cancellation of any employee stock options or otherwise as compensation for their services, investors that actually or constructively own 10% or more of our shares by vote or value, investors holding ADSs as part of a straddle or appreciated financial position or as part of a hedging or conversion transaction, and persons required to accelerate the recognition of any item of income with respect to the ADSs as a result of such income being recognized on an applicable financial statement.

If a partnership or an entity treated as a partnership for U.S. federal income tax purposes owns ADSs, the U.S. federal income tax treatment of a partner in such a partnership will generally depend upon the status of the partner and the activities of the partnership. A partnership that owns ADSs and the partners in such partnership should consult their own tax advisors about the U.S. federal income tax consequences of holding and disposing of ADSs.

This summary does not address the effect of any U.S. federal taxation other than U.S. federal income taxation. In addition, this summary does not include any discussion of U.S. federal estate and gift tax, state, local or foreign taxation. You are urged to consult your tax advisors regarding the foreign and U.S. federal, state and local tax considerations of an investment in ADSs.

For purposes of this summary, the term "U.S. Holder" means an individual who is a citizen or, for U.S. federal income tax purposes, a resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any political subdivision thereof, an estate whose income is subject to U.S. federal income tax regardless of its source, or a trust if (a) a court within the United States is able to exercise primary supervision over administration of the trust, and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

For purposes of the discussion below, it is assumed that the representations contained in the deposit agreement governing the ADSs are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms.

Taxation of Dividends

For U.S. federal income tax purposes, U.S. Holders of ADSs will be treated as owning the underlying ordinary shares represented by the ADSs held by them. Subject to the passive foreign investment company, or PFIC, rules discussed below, the gross amount of any distributions received with respect to the underlying ordinary shares represented by the ADSs, including the amount of any Australian taxes withheld therefrom, will constitute dividends for U.S. federal income tax purposes, to the extent of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. You will be required to include this amount of dividends in gross income as ordinary income. Distributions in excess of our earnings and profits will be treated as a non-taxable return of capital to the extent of your tax basis in the ADSs. Any amount in excess of your tax basis will be treated as gain from the sale of ADSs. See “Disposition of ADSs” below for the discussion on the taxation of capital gains. Dividends will not qualify for the dividends-received deduction generally available to corporations under Section 243 of the Code.

Dividends that we pay in Australian dollars, including the amount of any Australian taxes withheld therefrom, will be included in your income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day such dividends are received. A U.S. Holder who receives payment in Australian dollars and converts Australian dollars into U.S. dollars at an exchange rate other than the rate in effect on such day will likely have a foreign currency exchange gain or loss, which would be treated as U.S.-source ordinary income or loss.

Subject to complex limitations, any Australian withholding tax imposed on our dividends will be a foreign income tax eligible for credit against a U.S. Holder’s U.S. federal income tax liability (or, alternatively, for deduction against income in determining such tax liability). The limitations set forth in the Code include computational rules under which foreign tax credits allowable with respect to specific classes of income cannot exceed the U.S. federal income taxes otherwise payable with respect to each such class of income. Dividends generally will be treated as foreign-source passive category income or general category income for U.S. foreign tax credit purposes, depending upon the holder’s circumstances. A U.S. Holder will be denied a foreign tax credit with respect to Australian income tax withheld from dividends received with respect to the underlying ordinary shares represented by the ADSs to the extent such U.S. Holder has not held the ADSs for at least 16 days of the 31-day period beginning on the date that is 15 days before the ex-dividend date or to the extent such U.S. Holder is under an obligation to make related payments with respect to substantially similar or related property. Any days during which a U.S. Holder has substantially diminished its risk of loss on the ADSs are not counted toward meeting the 16-day holding period required by the statute. The rules relating to the determination of the foreign tax credit are complex. You should consult with your own tax advisors to determine whether and to what extent you would be entitled to this credit.

Subject to certain limitations, “qualified dividend income” received by a non-corporate U.S. Holder will be subject to tax at a reduced maximum tax rate of 20 percent. Distributions taxable as dividends generally qualify for the 20 percent rate provided that either: (i) the issuer is entitled to benefits under the Tax Treaty or (ii) the ADSs are readily tradable on an established securities market in the United States and certain other requirements are met. We believe that we are entitled to benefits under the Tax Treaty and that the ADSs currently are readily tradable on an established securities market in the United States. However, no assurance can be given that the ADSs will remain readily tradable. Furthermore, the reduced rate does not apply to dividends received from PFICs. The amount of foreign tax credit is limited in the case of foreign qualified dividend income. U.S. Holders of ADSs should consult their own tax advisors regarding the effect of these rules in their particular circumstances.

Disposition of ADSs

If you sell or otherwise dispose of ADSs, you will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized on the sale or other disposition and your adjusted tax basis in the ADSs. Subject to the PFIC rules discussed below, such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if you have held the ADSs for more than one year at the time of the sale or other disposition. In general, any gain that you recognize on the sale or other disposition of ADSs will be U.S.-source for

purposes of the foreign tax credit limitation; losses will generally be allocated against U.S.-source income. Deduction of capital losses is subject to certain limitations under the Code.

In the case of a cash basis U.S. Holder who receives Australian dollars in connection with the sale or disposition of ADSs, the amount realized will be based on the U.S. dollar value of the Australian dollars received with respect to the ADSs as determined on the settlement date of such exchange. A U.S. Holder who receives payment in Australian dollars and converts them into U.S. dollars at a conversion rate other than the rate in effect on the settlement date may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss.

An accrual basis U.S. Holder may elect the same treatment of foreign currency gain or loss required of cash basis taxpayers with respect to a sale or disposition of ADSs, provided that the election is applied consistently from year to year. Such election may not be changed without the consent of the Internal Revenue Service, or IRS. In the event that an accrual basis U.S. Holder does not elect to be treated as a cash basis taxpayer (pursuant to the Treasury regulations applicable to foreign currency transactions), such U.S. Holder may have a foreign currency gain or loss for U.S. federal income tax purposes because of differences between the U.S. dollar value of the Australian dollars received prevailing on the trade date and the settlement date. Any such currency gain or loss would be treated as ordinary income or loss and would be in addition to gain or loss, if any, recognized by such U.S. Holder on the sale or other disposition of such ADSs.

Passive Foreign Investment Companies

We are likely a PFIC for U.S. federal income tax purposes for some U.S. Holders of our ADSs and a controlled foreign corporation (CFC) to other U.S. Holders of our ADSs. Our treatment as a PFIC could result in a reduction in the after-tax return to those U.S. Holders of our ADSs and may affect the value of the securities.

For U.S. federal income tax purposes, we will be classified as a PFIC for any taxable year in which either (i) 75% or more of our gross income is passive income, or (ii) at least 50% of the average value of all of our assets for the taxable year produce or are held for the production of passive income. For this purpose, cash is considered to be an asset that produces passive income. Passive income generally includes dividends, interest, royalties, rents, annuities and the excess of gains over losses from the disposition of assets that produce passive income. As a result of our substantial cash position and the decline in the value of our stock, we believe that we became a PFIC during the taxable year ended June 30, 2005. We believe that we continued to be classified as a PFIC during the taxable year ended June 30, 2023 for some U.S. Holders of our ADSs and may continue to be a PFIC for each of the subsequent fiscal years.

If we are a PFIC with respect to you, our dividends (if any are paid) will not qualify for the reduced maximum tax rate, discussed above, and, unless you timely elect to “mark-to-market” your ADSs, as described below:

- you will be required to allocate “excess distributions” or gain recognised upon the disposition of ADRs ratably over your holding period for the ADSs. An “excess distribution” is the amount by which distributions during a taxable year in respect of an ADS exceed 125% of the average annual distributions during the three preceding taxable years (or, if shorter, your holding period for the ADSs).
- the amount allocated to each year during which we are considered a PFIC, other than the year of the distribution or disposition, will be subject to tax at the highest individual or corporate tax rate, as the case may be, in effect for that year and an interest charge will be imposed with respect to the resulting tax liability allocated to each such year,
- the amount allocated to the current taxable year and any taxable year before we became a PFIC will be taxable as ordinary income in the current year, and
- you will be required to file an annual return on IRS Form 8621.

The PFIC provisions discussed above apply to U.S. persons who directly or indirectly hold stock in a PFIC.

Generally, a U.S. person is considered an indirect shareholder of a PFIC if it is:

- a direct or indirect owner of a pass-through entity, including a trust or estate, that is a direct or indirect shareholder of a PFIC,
- a shareholder of a PFIC that is a shareholder of another PFIC, or
- a 50%-or-more shareholder of a foreign corporation that is not a PFIC and that directly or indirectly owns stock of a PFIC.

An indirect shareholder may be taxed on a distribution paid to the direct owner of the PFIC and on a disposition of the stock indirectly owned. Indirect shareholders are strongly urged to consult their tax advisors regarding the application of these rules.

If we cease to be a PFIC in a future year, a U.S. Holder may avoid the continued application of the tax treatment described above by electing to be treated as if it sold its ADSs on the last day of the last taxable year in which we were a PFIC. Any gain would be recognized and subject to tax under the rules described above and any loss would not be recognized. A U.S. Holder's basis in its ADSs would be increased by the amount of gain, if any, recognized on the sale. Solely for purposes of the PFIC rules, a U.S. Holder would be required to treat its holding period for its ADSs as beginning on the day following the last day of the last taxable year in which we were a PFIC.

If the ADSs are considered "marketable stock" and if you elect to "mark-to-market" your ADSs, you would not be subject to the rules described above. Instead, you will generally include in income any excess of the fair market value of the ADSs at the close of each tax year over your adjusted basis in the ADSs. If the fair market value of the ADSs has depreciated below your adjusted basis at the close of the tax year, you may generally deduct the excess of the adjusted basis of the ADSs over its fair market value at that time. However, such deductions generally would be limited to the net mark-to-market gains, if any, that you included in income with respect to such ADSs in prior years. Income recognized and deductions allowed under the mark-to-market provisions, as well as any gain or loss on the disposition of ADSs with respect to which the mark-to-market election is made, are treated as ordinary income or loss (except that loss is treated as capital loss to the extent the loss exceeds the net mark-to-market gains, if any, that a U.S. Holder included in income with respect to such ADSs in prior years). However, gain or loss from the disposition of ADSs (as to which a "mark-to-market" election was made) in a year in which we are no longer a PFIC will be capital gain or loss. Our ADSs should be considered "marketable stock" if they traded at least 15 days during each calendar quarter of the relevant calendar year in more than *de minimis* quantities.

A U.S. Holder of ADSs will not be able to avoid the tax consequences described above by electing to treat us as a qualified electing fund, or QEF, because we do not intend to prepare the information that U.S. Holders would need to make a QEF election.

Additional Tax on Investment Income

U.S. Holders that are individuals, estates, or trusts and whose income exceeds certain thresholds will be subject to a 3.8% Medicare contribution tax on net investment income, which will include dividends on and capital gains from the sale or other taxable disposition of ADSs, subject to certain limitations and exceptions.

Backup Withholding and Information Reporting

Payments in respect of ADSs may be subject to information reporting to the IRS and to U.S. backup withholding tax at a rate equal to the fourth lowest income tax rate applicable to individuals (which, under current law, is 24%). Backup withholding will not apply, however, if you (i) are a corporation or come within certain exempt categories and demonstrate the fact when so required or (ii) furnish a correct taxpayer identification number and make any other required certification.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a U.S. Holder's U.S. tax liability. A U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS, which is generally an annual income tax return.

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U.S. individuals who hold certain specified foreign financial assets, including stock in a foreign corporation, with values in excess of certain thresholds are required to file IRS Form 8938 with their U.S. federal income tax return. Such form requires disclosure of information concerning such foreign assets, including their value. Failure to file the form when required is subject to penalties. An exemption from reporting applies to foreign assets held through a U.S. financial institution, generally including a non-U.S. branch or subsidiary of a U.S. institution and a U.S. branch of a non-U.S. institution. Investors are encouraged to consult with their own tax advisors regarding the possible application of this disclosure requirement to their investment in our ADSs.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

We are subject to the reporting requirements of the Exchange Act, as applicable to “foreign private issuers” as defined in Rule 3b-4 thereunder. As a foreign private issuer, we are exempt from certain provisions of the Exchange Act. Accordingly, our proxy solicitations are not subject to the disclosure and procedural requirements of Regulation 14A under the Exchange Act, transactions in our equity securities by our officers and directors are exempt from reporting and the “short-swing” profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required to file periodic reports and financial statements as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we file with the Securities and Exchange Commission an annual report on Form 20-F containing financial statements that have been examined and reported on, with an opinion expressed by, an independent registered public accounting firm, and we submit reports to the Securities and Exchange Commission on Form 6-K containing (among other things) press releases and unaudited financial information for the first six months of each fiscal year. We post our annual report on Form 20-F on our website (www.ahi.tech) promptly following the filing of our annual report with the Securities and Exchange Commission. The information on our website is not incorporated by reference into this annual report.

The documents concerning our company referred to in this annual report may also be inspected at our registered office located at 71-73 South Perth Esplanade, Unit 5, South Perth, WA 6151, Australia.

I. SUBSIDIARY INFORMATION

Not applicable.

J. ANNUAL REPORT TO SECURITY HOLDERS

We submitted our annual report to security holders in electronic format as exhibits to a report on Form 6-K, dated September 22, 2023.

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ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See “Item 5. Operating and Financial Review and Prospects-B. Liquidity and Capital Resources-Quantitative and Qualitative Disclosure about Market Risk”.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities.

Not applicable.

B. Warrants and rights.

Not applicable.

C. Other Securities.

Not applicable.

D. American Depositary Shares

Fees and Charges Payable by ADS Holders

The table below summarizes the fees and charges that a holder of our ADSs may have to pay, directly or indirectly, to our depository, The Bank of New York Mellon, or BNYM, pursuant to the Deposit Agreement, which was filed as Exhibit 4.1 to our Form 6-K filed with the SEC on November 23, 2021, and the types of services and the amount of the fees or charges paid for such services. The disclosure under this heading “Fees and Charges Payable by ADS Holders” is subject to and qualified in its entirety by reference to the full text of the Deposit Agreement. The holder of an ADS may have to pay the following fees and charges to BNYM in connection with ownership of the ADS:

Persons depositing or withdrawing shares or ADS holders must pay:

US\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

US\$0.05 (or less) per ADS

A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs

US\$0.05 (or less) per ADS per calendar year

Registration or transfer fees

Expenses of the depository

For:

Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property

Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates

Any cash distribution to ADS holders

Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depository to ADS holders

Depository services

Transfer and registration of shares on our share register to or from the name of the depository or its agent when you deposit or withdraw shares

Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement)

Converting foreign currency to U.S. dollars

Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes As necessary

Any charges incurred by the depositary or its agents for servicing the deposited securities As necessary

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The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse and/or share revenue from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In performing its duties under the deposit agreement, the depositary may use brokers, dealers or other service providers that are affiliates of the depositary and that may earn or share fees or commissions.

Fees and Payments Made by the Depositary to the Company

Payments made by the Depositary amounted to \$Nil in 2023 and \$27,874 for the year ended June 30, 2022.

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PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

We have evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rule 139-15(e) under the Exchange Act) as of June 30, 2023. The Company's disclosure controls and procedures are designed to provide reasonable assurance that the information we are required to disclose in the reports we file or submit under the Exchange Act is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and

communicated to our management to allow timely decisions regarding required disclosures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

B. Management’s Annual Report on Internal Control over Financial Reporting

This annual report does not include a report of management’s assessment regarding internal control over financial reporting or an attestation report of the company’s registered public accounting firm due to a transition period established by rules of the SEC for newly public companies. An independent review of the Company’s internal controls was commissioned by the Company’s Directors and was conducted in late 2022.

C. Attestation Report of the Registered Public Accounting Firm.

Not applicable.

D. Changes in Internal Control over Financial Reporting

There has been no change to the Company’s internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that Dato Low, an independent director, meets the definition of an Audit and Risk committee financial expert, as defined by rules of the Securities and Exchange Commission. For a brief listing of Dato Low’s relevant experience, see Item 6.A. “Directors, Senior Management and Employees - Directors and Senior Management.”

ITEM 16B. CODE OF ETHICS

Our Board has adopted a code of business conduct which we have amended in order to be current and comply with the standards expected of NASDAQ listed companies . The amended code of conduct codifies the business and ethical principles that govern all aspects of our business. We have filed a copy of our Code of Ethics as an exhibit to this annual report. You will be able to review these documents by accessing our public filings at the SEC’s website at www.sec.gov.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees Paid to Independent Public Accountants

The following table sets forth, for each of the years indicated, the fees billed by PKF Brisbane Audit (current Auditor since June 2022) and PKF Perth (former Auditor, resigned June 2022).

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

	<u>2023</u>	<u>2022</u>
Audit and review of the Company’s financial statements	\$	\$

- PKF Perth	-	159,900
- PKF Brisbane Audit	197,000	95,000
Taxation services - PKF Perth	15,730	13,300
Other services – PKF Perth	1,200	3,500
Total	<u>213,930</u>	<u>271,700</u>

(1) Audit fees consist of services that would normally be provided in connection with statutory and regulatory filings or engagements, including services that generally only the independent accountant can reasonably provide.

Pre-Approval Policies and Procedures

Our Audit and Risk Committee has adopted policies and procedures for the pre-approval of audit and non-audit services rendered by our independent registered public accounting firm. Pre-approval of an audit or non-audit service may be given as a general pre-approval, as part of the audit committee’s approval of the scope of the engagement of our independent registered public accounting firm, or on an individual basis. Any proposed services exceeding general pre-approved levels also requires specific pre-approval by our audit committee. The policy prohibits retention of the independent registered public accounting firm to perform the prohibited non-audit functions defined in Section 201 of the Sarbanes-Oxley Act or the rules of the Securities and Exchange Commission, and also requires the audit committee to consider whether proposed services are compatible with the independence of the registered public accounting firm. All of the fees described above were pre-approved by our Audit and Risk Committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Issuer Purchase of Equity Securities

Neither we, nor any affiliated purchaser of our company, has purchased any of our securities during the year ended June 30, 2023, unless otherwise disclosed.

ITEM 16F. CHANGES IN REGISTRANT’S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

Under NASDAQ Stock Market Rule 5615(a)(3), foreign private issuers, such as our Company, are permitted to follow certain home country (Australian) corporate governance practices instead of certain provisions of the NASDAQ Stock Market Rules. A foreign private issuer that elects to follow a home country practice instead of any NASDAQ rule must submit to NASDAQ, in advance, a written statement from an independent counsel in such issuer’s home country certifying that the issuer’s practices are not prohibited by the home country’s laws. We have submitted a notice to NASDAQ informing them of that we elect to follow home country practice instead of the following NASDAQ rules:

- the Rule related to Audit Committee Composition rule 5605(c)(2)(A)): we may have an audit committee composed of two members instead of “at least three members”. We may not follow NASDAQ rules regarding independence of such members (as long as comply Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, subject to the exemptions provided in rule 10A-3(c)), and we may not have a financially sophisticated member as defined.

- the Rule requiring maintaining a majority of independent directors (Rule 5605(b)(1))
- the Rule requiring that our independent directors have regularly scheduled meetings at which only independent directors are present (Rule 56505(b)(2))
- the Rule regarding independent director oversight of director nominations process for directors (Rule 5605(e))
- the Rule regarding independent director oversight of executive officer compensation (Rule 5605(d))
- the requirement to obtain shareholder approval for the establishment or amendment of certain equity based compensation plans (Rule 5635(c), an issuance that will result in a change of control of the company (Rule 5635(b), certain transactions other than a public offering involving issuances of a 20% or more interest in the company (Rule 5635(d) and certain acquisitions of the stock or assets of another company (Rule 5635(a)).

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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PART III

ITEM 17. FINANCIAL STATEMENTS

Our company has elected to furnish financial statements and related information specified in Item 18.

ITEM 18. FINANCIAL STATEMENTS

See our financial statements beginning on page F-1, which are filed as part of this Annual Report and incorporated herein by reference. Our financial statements have been prepared in accordance with Australian Accounting Standards (“AASB”). The AASB has adopted both the International Accounting Standards (“IAS”) as well as the International Financial Reporting Standards (“IFRS”), as issued by the IASB.

ITEM 19. EXHIBITS

Index to Exhibits.

Exhibit

Number	Description
1.1	<u>Constitution of MyFiziq Limited (Incorporated by reference to Exhibit 3.1 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021)</u>
2.1	<u>Form of Deposit Agreement among the Company, The Bank of New York Mellon, as depositary, and the holders and beneficial owners of ADSs issued thereunder, as depositary (Incorporated by reference to Exhibit 4.1 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021)</u>
2.2*	<u>Description of Registered Securities</u>

- 3.1 [Constitution of MyFiziq Limited \(Incorporated by reference to Exhibit 3.1 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.1 [Form of Deposit Agreement among the Company, The Bank of New York Mellon, as depositary, and the holders and beneficial owners of ADSs issued thereunder, as depositary \(Incorporated by reference to Exhibit 4.1 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.2 [Form of Representative Warrant \(Incorporated by reference to Exhibit 4.2 of Form F-1 filed with the Securities and Exchange Commission on November 10, 2021\)](#)
- 4.3 [Form of Investor Warrant \(Incorporated by reference to Exhibit 4.3 of Form F-1 filed with the Securities and Exchange Commission on November 17, 2021\)](#)
- 4.4 [IP License Agreement, dated September 22, 2017, between MyFiziq Ltd. and Body Composition Technologies Pty Limited \(Incorporated by reference to Exhibit 10.23 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.5 [Letter of Variation by and between BUPA Wellness Pty Ltd and wellteq Australia Pty Ltd dated September 25, 2018 \(Incorporated by reference to Exhibit 4.42 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.6 [SaaS Agreement by and between Bupa Wellness Pty Ltd and WellteQ Australia Pty Ltd dated September 25, 2018 \(Incorporated by reference to Exhibit 4.46 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.7 [Master Services Agreement by and between nib health funds limited and Wellteq Australia Pty Ltd dated September 29, 2021 \(Incorporated by reference to Exhibit 4.43 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.8 [Employment Agreement, dated November 30, 2018, by and between MyFiziq Limited and Terrence Stuppel \(Incorporated by reference to Exhibit 10.6 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.9 [Commercial Contract, dated January 1, 2019, between MyFiziq Limited and Body Composition Technologies Pty Limited \(Incorporated by reference to Exhibit 10.22 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.10 [Letter of Variation, dated December 10, 2019, between MyFiziq Limited and Prosser Enterprises Ltd. \(Incorporated by reference to Exhibit 10.21 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
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- 4.11 [Software Reseller Agreement by and between Nuralogix Corporation and MyFiziq Limited dated, August 21, 2020 \(Incorporated by reference to Exhibit 10.19 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.12 [Data Processing Agreement by and between Nuralogix Corporation and MyFiziq Limited dated, September 22, 2020 \(Incorporated by reference to Exhibit 10.20 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)

- 4.13 [Binding Terms Sheet by and between Triage Technologies, Inc. and Advance Human Imaging Limited dated, November 27, 2020 \(Incorporated by reference to Exhibit 10.14 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.14 [Promissory Note of Bearn LLC issued in favor of the Company, dated January 20, 2021 \(Incorporated by reference to Exhibit 10.28 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.15 [Pledge Agreement by and between AARON DREW, an individual, \(the “Pledgor”\), and the Company dated January 20, 2021 \(Incorporated by reference to Exhibit 10.29 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.16 [Security Agreement by and between by Bearn LLC and the Company dated January 20, 2021 \(Incorporated by reference to Exhibit 10.30 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.17 [Letter of Engagement by and between UFIT and wellteq Pte Ltd dated January 21, 2021 \(Incorporated by reference to Exhibit 4.41 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.18 [Letter of Variation –Term Sheet by and between Triage Technologies, Inc. and Advance Human Imaging Limited dated, January 29, 2021 \(Incorporated by reference to Exhibit 10.13 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.19 [Master Agreement by and between The Northern Trust Company, Singapore Branch and WellteQ Pte Ltd dated March 1, 2021 \(Incorporated by reference to Exhibit 4.47 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.20 [Amended and Restated Shareholder Agreement by and between Triage Technologies, Inc. and Advance Human Imaging Limited dated, March 31, 2021 \(Incorporated by reference to Exhibit 10.15 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.21 [Subscription Agreement by and between Triage Technologies, Inc. and Advance Human Imaging Limited dated, March 31, 2021 \(Incorporated by reference to Exhibit 10.16 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.22 [Technology License Agreement by and between Triage Technologies, Inc. and Advance Human Imaging Limited dated, April 1, 2021 \(Incorporated by reference to Exhibit 10.12 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.23 [Marketing and Funding Agreement by and between Tinjoy Biotech Limited and Advanced Human Imaging Limited, dated April 24, 2021 \(Incorporated by reference to Exhibit 10.8 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.24 [Binding Heads of Agreement by and between Advanced Human Imaging Limited. and Physimax Technologies Limited, dated April 27, 2021 \(Incorporated by reference to Exhibit 10.9 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.25 [Binding term sheet by and between the Company and e-Mersion Media \(UK\) Limited, a subsidiary of Melbourne based, e-Mersion Media Pty Ltd \(e-Mersion\) dated May 11, 2021 \(Incorporated by reference to Exhibit 10.31 of Form F-1 filed with the Securities and Exchange Commission on November 17, 2021\)](#)
- 4.26 [Binding Term Sheet by and between the Advanced Human Imaging Limited and Inter -Psy, dated May 31, 2021 \(Incorporated by reference to Exhibit 10.26 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)

- 4.27 [Binding Term Sheet by and between the Advanced Human Imaging Limited. and Cubert Inc, dated June 10, 2021. \(Incorporated by reference to Exhibit 10.27 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)
- 4.28 [Employment Agreement by and between Nadine Amesz and Advanced Human Imaging Ltd dated June 15, 2021 \(Incorporated by reference to Exhibit 4.32 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.29 [Binding Term Sheet by and between Advanced Human Imaging Limited. and Nexus Vita, dated June 21, 2021. \(Incorporated by reference to Exhibit 10.24 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)

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- 4.30 [Master Services Agreement by and between Cubert and Advanced Human Imaging Ltd dated November 27, 2021 \(Incorporated by reference to Exhibit 4.34 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.31 [Amendment 1 to Master Agreement by and between The Northern Trust Company, Singapore Branch and WellteQ Pte Ltd dated January 1, 2022 \(Incorporated by reference to Exhibit 4.48 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.32 [Master Services Agreement by and between Inter-Psy BV and Advanced Human Imaging Ltd dated February 7, 2022 \(Incorporated by reference to Exhibit 4.37 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.33 [Master Services Agreement by and between Bearn Inc and Advanced Human Imaging Ltd dated February 9, 2022 \(Incorporated by reference to Exhibit 4.35 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.34 [Supplemental Agreement by and between Willis Towers Watson Health and Benefits \(SG\) Pte Ltd and Wellteq Pte Ltd dated February 21, 2022 \(Incorporated by reference to Exhibit 4.45 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.35 [Master Services Agreement by and between NextMedicall and Advanced Human Imaging Ltd dated March 19, 2022 \(Incorporated by reference to Exhibit 4.36 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.36 [Terms of Engagement by and between Advanced Management Services Pty Ltd and Advanced Human Imaging Ltd dated March 15, 2022 \(Incorporated by reference to Exhibit 4.30 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.37 [Master Services Agreement by and between CUSTINTCO Pte Ltd and Advanced Human Imaging Ltd dated April 4, 2022 \(Incorporated by reference to Exhibit 4.39 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.38 [Master Services Agreement by and between Vertica Health and Advanced Human Imaging Ltd dated April 8, 2022 \(Incorporated by reference to Exhibit 4.38 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.39 [Master Services Agreement by and between Activate Health and Advanced Human Imaging Ltd dated August 24, 2022 \(Incorporated by reference to Exhibit 4.33 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)

- 4.40 [Employment Agreement by and between Vlado Bosanac and Advanced Human Imaging Ltd dated September 14, 2022 \(Incorporated by reference to Exhibit 4.31 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.41 [Statement of Work by and between nib and wellteq dated September 29, 2022 \(Incorporated by reference to Exhibit 4.44 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.42 [3rd Supplemental Agreement 12 months renewal by and between Willis Towers Watson Health and Benefits \(SG\) PTE LTD. and wellteq Pte Ltd dated November 1, 2022 \(Incorporated by reference to Exhibit 4.40 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.43 [Employment Agreement by and between Scott Montgomery and Advanced Health Intelligence Ltd dated December 1, 2022 \(Incorporated by reference to Exhibit 4.29 of Form 20-F filed with the Securities and Exchange Commission on February 3, 2023\)](#)
- 4.44*+ [Master Services Agreement by and between Upvio Healthtech and Advanced Human Imaging Ltd dated January 18, 2023](#)
- 4.45*+ [Master Services Agreement by and between Augmented Reality Concierge, LLC and Advanced Human Imaging Ltd dated February 8, 2023](#)
- 4.46*+ [Research Agreement by and between Stellenbosch University and Advanced Health Intelligence Ltd dated May 21, 2023](#)

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- 4.47*+ [Master Services Agreement by and between Kalibra Pte Ltd and Advanced Health Intelligence Ltd dated May 23, 2023](#)
- 4.48* [Letter of Intention by and between Pharmak Direct and Advanced Health Intelligence Ltd dated June 19, 2023](#)
- 4.49* [Collaboration Agreement by and between IntelliGen Solutions FZ-LLC and Advanced Health Intelligence Ltd dated July 21, 2023](#)
- 4.50* [Exclusive Perpetual Software License Agreement by and between Shanghai Changlin Network Technology Co Ltd and Advanced Health Intelligence Ltd dated August 2, 2023](#)
- 4.51* [Collaboration Agreement by and between Bin Farhood International Business Management Group L.L.C. and Advanced Health Intelligence Ltd dated August 31, 2023](#)
- 4.52* [Letter of Intention by and between UniSure Group and Advanced Health Intelligence Ltd dated September 20, 2023](#)
- 4.53* [Extension Letter dated October 24, 2023, relating to the Exclusive Perpetual Software License Agreement by and between Shanghai Changlin Network Technology Co Ltd and Advanced Health Intelligence Ltd dated August 2, 2023](#)
- 4.54† [MyFiziq Limited Incentive Performance Rights Plan \(Incorporated by reference to Exhibit 10.10 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021\)](#)

4.55†	MyFiziq Limited Incentive Options Plan (Incorporated by reference to Exhibit 10.11 of Form F-1 filed with the Securities and Exchange Commission on August 26, 2021)
8.1*	List of subsidiaries
11.1	Code of Conduct (incorporated herein by reference to Exhibit 14.1 of the Company's Registration Statement on Form F-1 filed with the SEC on August 26, 2021)
12.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act, as amended.
12.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act, as amended.
13.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

† Executive compensation plan or arrangement.

+ Certain confidential portions of this exhibit were omitted because the identified confidential portions are not material and are the type that the registrant treats as private or confidential.

SIGNATURES

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**ADVANCED HEALTH INTELLIGENCE
LTD**

Date: October 31, 2023

By: /s/ Scott Montgomery

Name: Scott Montgomery

Title: Chief Executive Officer

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Advanced Health Intelligence Ltd

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Advanced Health Intelligence Ltd and its controlled entities (the “Consolidated Entity”) as of 30 June 2023 and 2022, the related consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for each of the years in the two-year period ended 30 June 2023, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Consolidated Entity as of 30 June 2023 and 2022, and the results of its operations and its cash flows for each of the years in the two-year period ended 30 June 2023, in conformity with International Financial Reporting Standards (“IFRS”) and Interpretations as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Consolidated Entity’s management. Our responsibility is to express an opinion on the Consolidated Entity’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required

to be independent with respect to the Consolidated Entity in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Consolidated Entity is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

PKF Brisbane Pty Ltd is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separately owned legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s). Liability limited by a scheme approved under Professional Standards Legislation.

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Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Consolidated Entity will continue as a going concern. As discussed in Note 1(a) to the financial statements, certain conditions, including losses from operations and negative cash flows, raise substantial doubt about the Consolidated Entity's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1(a). The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Estimation Uncertainty in the Preparation of the Financial Statements

We draw attention to Note 41 *Fair Value measurement* in the financial statements, which describes significant estimation uncertainty in the preparation of the financial statements, specifically as it relates to the forecasts used in determining the fair value of the Consolidated Entity's investment in Triage Technologies Inc.

As described in Note 41, the underlying forecasts and assumptions are subject to uncertainties which are often outside the control of the Consolidated Entity. Actual outcomes may be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact the resulting accounting estimates. Our opinion on the financial statements is not modified in respect of this matter.

PKF BRISBANE AUDIT

A handwritten signature of the letters "PKF" in a dark, ink-like color, written in a stylized, cursive font.

We have served as the Consolidated Entity's auditor since July 2022.

Brisbane, Australia
30 October 2023

PCAOB ID No. 6622

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Advanced Health Intelligence Ltd
(Formerly known as Advanced Human Imaging Ltd)
Statement of profit or loss and other comprehensive
income
For the year ended 30 June 2023

		Consolidated	
	Note	30 June 2023	30 June 2022
		\$	\$
Revenue			
Software income	5	542,556	14,524
Integration and development income		107,141	182,685
Operating revenue		649,697	197,209
Other revenue	6	2,140,740	1,136,082
Total revenue		2,790,437	1,333,291
Expenses			
General administration	7	(3,205,408)	(4,171,530)
Employee expenses	8	(5,862,699)	(11,762,310)
Sales and marketing		(910,399)	(2,106,498)
Depreciation and amortisation expense		(312,558)	(363,695)
Impairment of assets and receivables	9	(475,785)	(973,663)
Fair value adjustment - Triage	41	(1,807,829)	(551,089)
Unrealised currency gains/(losses)		39,672	137,374
Subscription costs		(469,903)	(266,844)
Insurance		(1,825,428)	(1,343,312)
Cloud infrastructure costs		(563,991)	-
Total expenses		(15,394,328)	(21,401,567)
Operating loss		(12,603,891)	(20,068,276)
Finance income		254,392	155,255
Finance costs		(477,678)	(163,822)
Net finance income / (costs)		(223,286)	(8,567)
Loss before income tax		(12,827,177)	(20,076,843)
Income tax benefit		-	-
Net loss for the year after tax attributable to members		(12,827,177)	(20,076,843)

Other comprehensive income		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	30	(283,273)	-
Other comprehensive income for the year, net of tax		(283,273)	-
Total comprehensive income for the year attributable to the owners of Advanced Health Intelligence Ltd		(13,110,450)	(20,076,843)
Loss per share		Cents	Cents
Basic loss per share	11	(6.94)	(13.08)
Diluted loss per share	11	(6.94)	(13.08)

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

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Advanced Health Intelligence Ltd
(Formerly known as Advanced Human Imaging Ltd)
Statement of financial position
As at 30 June 2023

		Consolidated	
	Note	30 June 2023	30 June 2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	13	2,104,584	6,011,368
Trade and other receivables	15	311,912	51,176
Prepayments	16	834,281	895,813
Total current assets		<u>3,250,777</u>	<u>6,958,357</u>
Non-current assets			
Other financial assets	17	829,694	2,602,582
Right-of-use assets	18	360,455	35,199
Property, plant, and equipment	19	152,486	94,767
Investments	21	-	-
Intangibles	20	4,313,710	972,732
Total non-current assets		<u>5,656,345</u>	<u>3,705,280</u>
Total assets		<u>8,907,122</u>	<u>10,663,637</u>
Liabilities			
Current liabilities			
Trade and other payables	22	3,467,554	500,769
Lease liabilities	26	65,182	51,213

Employee benefits	23	628,713	383,236
Other current liabilities	27	432,464	-
		<u>4,593,913</u>	<u>935,218</u>
Interest bearing borrowings	25	1,433,172	1,110,171
Total current liabilities		<u>6,027,085</u>	<u>2,045,389</u>
Non-current liabilities			
Lease liabilities	26	305,082	-
Employee benefits	23	200,277	62,861
Other non-current liabilities	28	346,796	-
Total non-current liabilities		<u>852,155</u>	<u>62,861</u>
Total liabilities		<u>6,879,240</u>	<u>2,108,250</u>
Net assets		<u>2,027,882</u>	<u>8,555,387</u>
Equity			
Issued capital	29	76,008,621	61,822,859
Reserves	30	1,318,257	9,338,100
Accumulated losses		(75,298,996)	(62,605,572)
Total equity		<u>2,027,882</u>	<u>8,555,387</u>

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

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Advanced Health Intelligence Ltd
(Formerly known as Advanced Human Imaging Ltd)
Statement of changes in equity
For the year ended 30 June 2023

	Issued	Equity	Foreign	Accumulated	Total
	capital	remuneration	currency	losses	equity
Consolidated	\$	\$	\$	\$	\$
Balance at 1 July 2021	39,213,794	5,293,019	-	(42,528,729)	1,978,084
Loss after income tax benefit for the year	-	-	-	(20,076,843)	(20,076,843)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(20,076,843)	(20,076,843)
<i>Transactions with owners in their capacity as owners:</i>					
Performance rights exercised	1,996,500	(1,996,500)	-	-	-
Options exercised	1,665,907	(491,002)	-	-	1,174,905
Ordinary shares - NASDAQ	16,706,783	-	-	-	16,706,783

Costs of capital raising - NASDAQ	(2,856,327)	-	-	-	(2,856,327)
Repayment of notes	3,125,964	-	-	-	3,125,964
Share based payments:					
- Service providers	1,050,238	-	-	-	1,050,238
- Employees / Directors	920,000	6,532,583	-	-	7,452,583
Balance at 30 June 2022	<u>61,822,859</u>	<u>9,338,100</u>	<u>-</u>	<u>(62,605,572)</u>	<u>8,555,387</u>

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

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Advanced Health Intelligence Ltd
(Formerly known as Advanced Human Imaging Ltd)
Statement of changes in equity
For the year ended 30 June 2023

	Issued	Equity	Foreign	Accumulated	Total
	capital	reserve	currency	losses	equity
Consolidated	\$	\$	reserve	\$	\$
	\$	\$	\$	\$	\$
Balance at 1 July 2022	61,822,859	9,338,100	-	(62,605,572)	8,555,387
Loss after income tax for the year	-	-	-	(12,827,177)	(12,827,177)
Other comprehensive income for the year, net of tax	-	-	(283,273)	-	(283,273)
Total comprehensive income for the year	-	-	(283,273)	(12,827,177)	(13,110,450)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued for Vertica acquisition	180,000	-	-	-	180,000
Shares issued for Wellteq acquisition	1,673,631	-	-	-	1,673,631
Capital raising costs	(1,195,669)	-	-	-	(1,195,669)
Ordinary shares	5,000,000	-	-	-	5,000,000
Share-based payments	-	702,383	-	-	702,383
Payments to service providers	117,600	-	-	-	117,600
Performance rights issued	-	105,000	-	-	105,000
Performance rights exercised	8,410,200	(8,410,200)	-	-	-
Lapse of options	-	(133,753)	-	133,753	-
Balance at 30 June 2023	<u>76,008,621</u>	<u>1,601,530</u>	<u>(283,273)</u>	<u>(75,298,996)</u>	<u>2,027,882</u>

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

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Advanced Health Intelligence Ltd
(Formerly known as Advanced Human Imaging Ltd)

Statement of cash flows
For the year ended 30 June 2023

	Note	Consolidated	
		30 June	30 June
		2023	2022
		\$	\$
Cash flows from operating activities			
Receipts from customers		817,335	266,212
Research & Development tax incentive grant		2,031,623	890,113
Interest received		858	98
Interest and other costs of finance paid		(288,172)	(163,822)
Payments to suppliers and employees		<u>(9,928,828)</u>	<u>(10,851,400)</u>
Net cash used in operating activities	14	<u>(7,367,184)</u>	<u>(9,858,799)</u>
Cash flows from investing activities			
Payments for investments		-	(3,126,950)
Payments for property, plant and equipment		(67,483)	(86,269)
Cash acquired from acquisition of Investee companies	4	277,944	-
Loans to other entities	4	(1,000,000)	-
Loans (to) / from related party		<u>120,278</u>	<u>(171,500)</u>
Net cash used in investing activities		<u>(669,261)</u>	<u>(3,384,719)</u>
Cash flows from financing activities			
Proceeds from issue of shares	29	5,000,000	18,233,320
Proceeds from borrowings		2,250,000	1,077,069
Repayment of borrowings		(2,732,311)	-
Proceeds from issue of convertible notes		1,975,424	-
Repayment of convertible notes		(1,750,000)	-
Share issue transaction costs		(493,286)	(2,141,090)
Repayment of lease liabilities		<u>(81,089)</u>	<u>(86,912)</u>
Net cash from financing activities		<u>4,168,738</u>	<u>17,082,387</u>
Net increase/(decrease) in cash and cash equivalents		(3,867,707)	3,838,869
Cash and cash equivalents at the beginning of the financial year		6,011,368	2,172,499
Effects of exchange rate changes on cash and cash equivalents		<u>(39,077)</u>	<u>-</u>
Cash and cash equivalents at the end of the financial year	13	<u><u>2,104,584</u></u>	<u><u>6,011,368</u></u>
Non-cash investing and financing activities			
Share based payment on acquisition of Wellteq		(1,673,631)	-
Share based payment on acquisition of Vertica		(180,000)	-
Share based payment on capital raising costs		(702,383)	-
Shares issued on exercised of performance rights		8,410,200	1,996,500

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

Advanced Health Intelligence Ltd
(Formerly known as Advanced Human Imaging Ltd)
Notes to the financial statements
30 June 2023

Note 1. Significant accounting policies

Advanced Health Intelligence Ltd (the “Company”, “the parent entity” or “AHI”) is a public company domiciled in Australia and dual listed on both the Australian Securities Exchange (ASX) and the NASDAQ Capital Market in the United States of America. The consolidated financial report of the Company and its subsidiaries, together referred to as the consolidated entity.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (‘IASB’).

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Prior year comparatives

This Annual Report uses comparatives sourced from the Company’s re-issued 2022 Annual Report. The Annual Report was reissued on 14 December 2022.

The reason for the reissue of the 2022 Annual Report was announced in the AHI ASX Announcement dated 23 November 2022, in which it was advised that the Consolidated Entity will be reissuing its 2022 Annual Report, following its subsequent material restatement of the fair value of its investment in Triage Technologies Inc. (‘Triage Investment’) at 30 June 2022. This restatement followed the receipt of a formal valuation of the Consolidated Entity’s Triage Investment by an accredited Canadian valuer, which increased the Consolidated Entity’s Net Asset position by \$2,565,082 at 30 June 2022 and reduced its Total Comprehensive Loss by a corresponding amount for the year ended 30 June 2022. Where necessary, comparative information has been reclassified for consistency with current year disclosures.

Going concern

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

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Advanced Health Intelligence Ltd
(Formerly known as Advanced Human Imaging Ltd)
Notes to the financial statements
30 June 2023

Note 1. Significant accounting policies (continued)

The consolidated entity has incurred a net operating loss of \$12,827,177 (2022: \$20,076,843) which included non-cash items such as a provision for impairment as well as share-based payments, has a net cash outflow from operating activities amounting to \$7,367,184 (2022: \$9,858,799) and a net current asset deficiency of \$2,776,308 as at 30 June 2023 (2022; surplus \$4,912,968). Given the consolidated entity's net current liability position, the ability of the consolidated entity to continue as a going concern, including its ability to pay its debt as and when they fall due, needs to be considered. The Directors are of the opinion that the continuation of the consolidated entity as a going concern is dependent upon its ability to achieve the following:

- As announced on August 4, 2023, the Company executed a binding exclusive, perpetual license with Shanghai-based Changlin Network Technology Ltd ("Changlin"). This agreement requires Changlin to pay AHI USD\$10 million within 90 days from the execution date for the exclusive and perpetual right to AHI's technology.
- On 13 June 2023, The Company announced it had successfully undertaken a \$5,000,000 share placement with Orca Capital GMBH at a 194% premium to the last traded share price on Friday, 9 June 2023.
- As announced in its June 2023 Appendix 4C lodgement with the ASX, the Company has been presented with three additional funding proposals between \$5,000,000 and \$20,000,000 through a placement under its LR7.1 capacity. The Company is actively engaged in discussions with parties and anticipates closing the additional capital soon.
- On 21 June 2023, the Company announced it had entered into a Letter of Intention with UAE based e-script medicine management company Pharmak Pharmacy LLC to integrate AHI's Biometric Health Assessment into Pharmak's e-script screening solution. The parties are targeting a January 2024 initial launch of the solution. Pharmak expects to achieve a minimum e-script order volume in 2024 of 100,000 e-scripts per month in each of the UAE and Saudi Arabia. It has been agreed between the parties that AHI will receive 1.6% of the gross e-script value.

In addition to the above, the Company announced on 13 September 2023 that it had secured a \$1.5 million Convertible Loan facility as disclosed in note 38 and is also evaluating a number of other financing proposals.

The directors are confident of the consolidated entity's ability to achieve the above and have prepared the financial statements on a going concern basis as the directors believe that the consolidated entity will be able to pay its debt as and when they fall due and payable.

The financial statements have been prepared on a going concern basis which assumes that the Group will realise its assets and extinguish its liabilities in the normal course of business. In the event that the above arrangements and initiatives are not achieved, there exists a material uncertainty as to whether the consolidated entity will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of

business and at the amounts stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the consolidated entity not continue as a going concern.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 40.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Advanced Health Intelligence Ltd ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Advanced Health Intelligence Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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Advanced Health Intelligence Ltd (Formerly known as Advanced Human Imaging Ltd) Notes to the financial statements 30 June 2023

Note 1. Significant accounting policies (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Advanced Health Intelligence Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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**Advanced Health Intelligence Ltd
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Note 1. Significant accounting policies (continued)

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Software services

Software services are comprised of recurring services to customers. Software services revenue is measured based on the consideration specified in a contract with customers. The Company satisfies its performance obligation, and revenue from these services is recognised, on a straight-line basis over the service period as the Company provides the service to the customer. In certain arrangements, the Company receives payment before services have been performed. These payments are initially recorded as deferred revenue and are recognised as revenue over the service period.

Interest

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

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

R&D Tax incentive – Grant

R&D tax incentive is recognised when it is received and is recognised as grant income.

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**Advanced Health Intelligence Ltd
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30 June 2023**

Note 1. Significant accounting policies (continued)

Income tax

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

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

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Current and non-current classification

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

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

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

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

Cash and cash equivalents

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

Note 1. Significant accounting policies (continued)

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Investments and other financial assets

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

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

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

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Advanced Health Intelligence Ltd
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Note 1. Significant accounting policies (continued)

Property, plant and equipment

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

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

Office Equipment	3 - 5 years
Furniture & Fixtures	5 - 7 years

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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

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 consolidated entity 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 consolidated entity 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.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives 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.

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Advanced Health Intelligence Ltd
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Notes to the financial statements
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Note 1. Significant accounting policies (continued)

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Application development

Costs associated with application development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the

asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

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

Borrowings

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

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

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Advanced Health Intelligence Ltd (Formerly known as Advanced Human Imaging Ltd) Notes to the financial statements 30 June 2023

Note 1. Significant accounting policies (continued)

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

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 consolidated entity'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.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

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Advanced Health Intelligence Ltd (Formerly known as Advanced Human Imaging Ltd) Notes to the financial statements 30 June 2023

Note 1. Significant accounting policies (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

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

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

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

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

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**Advanced Health Intelligence Ltd
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Note 1. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

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Advanced Health Intelligence Ltd
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Note 1. Significant accounting policies (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

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

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

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Advanced Health Intelligence Ltd
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Notes to the financial statements
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Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations 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.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

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Advanced Health Intelligence Ltd
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Note 2. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

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

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

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

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

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**Advanced Health Intelligence Ltd
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Note 2. Critical accounting judgements, estimates and assumptions (continued)

Employee benefits provision

As discussed in Note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Deferred consideration

The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The consolidated entity applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Business combinations

As discussed in Note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Operating and geographical segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. Currently the Board of Directors are not assessing the performance of the business by geographical areas.

Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The consolidated entity's sole activity is mobile application and technology development. Therefore, it has aggregated all operating segments into the one reportable segment being technological development.

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Advanced Health Intelligence Ltd
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Notes to the financial statements
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Note 4. Business combinations

Wellteq Acquisition

On 6 December 2022, the Company acquired 100% of the ordinary shares of Wellteq Digital Health Inc ('Wellteq') and its wholly owned subsidiaries for the total non-cash consideration transferred of \$1,673,631 on completion of the court-approved Plan of Arrangement in British Columbia, Canada. Consideration comprised 17,804,587 shares in AHI at an issue price of \$0.094 per share.

In conjunction with the Arrangement Agreement, AHI and Wellteq also entered into a loan agreement whereby AHI agreed to advance to Wellteq up to \$1,200,000. As at the time of acquisition, AHI had advanced to Wellteq \$1,000,000. Interest of \$16,711 had accrued at the time of acquisition.

The loan between AHI and Wellteq settled on business combination for \$1,000,000. At acquisition, the fair value of the total consideration was \$2,673,631. representing the value of the shares issued and loan settled.

Wellteq was listed on the Canadian Securities Exchange (CSE: WTEQ) and is a leading provider of corporate wellness solutions developed to provide data-driven personalized health and wellness coaching to engage its users in healthier behaviours. As an enterprise (business-to-business) model Wellteq currently had two main sectors of customers, employers, and insurance companies.

Details of the acquisition are as follows:

	<u>Fair value</u>
	\$
Cash and cash equivalents	422,331
Trade receivables	238,866
Other current assets	109,235
Equipment	104,074
Trade payables and accrued liabilities	(652,240)
Employee benefits	(49,537)
Other provisions	(180,356)
Deferred revenue	(150,016)
	<u> </u>
Net liabilities acquired	(157,643)
Goodwill	2,602,985
Customer relationships	158,000
Brand	87,000
	<u> </u>
Acquisition-date fair value of the total consideration transferred	<u><u>2,690,342</u></u>
Representing:	
Advanced Health Intelligence Ltd shares issued to vendor	1,673,631
Loan between AHI and Wellteq settled on business combination	1,016,711
	<u><u>2,690,342</u></u>

Management have considered whether any impairment considerations exist with respect to the acquired intangible assets. These are considered in Note 20.

Advanced Health Intelligence Ltd
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Note 4. Business combinations (continued)

Revenue and profit contribution

The acquired business combination contributed revenues of \$508,009 and net loss of \$1,455,953 to the group for the period from 6 December 2022 to 30 June 2023.

If the acquisition had occurred on 1 July 2022, consolidated pro-forma revenue and loss for the year ended 30 June 2023 would have been \$1,096,358 and \$3,862,901 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the group and the subsidiary.

Purchase Consideration - cash inflow/(outflow)	2023
	\$
Cash paid	-
Cash acquired	422,331
Net inflow of cash – investing activities	<u>422,331</u>

Vertica Acquisition

On 5 August 2022, the Company concluded a Share Sale Agreement to acquire 100% of the ordinary shares of Vertica Health (Pty) Ltd ('Vertica'), a South African registered company, for a combination of cash and non-cash consideration. The consideration comprised cash and non-cash consideration as follows:

- 1,500,000 AHI fully paid ordinary shares issued on closing, escrowed for 24 months from issue;
- US\$100,000 cash payable on transaction close;
- US\$250,000 payable 1 year from closing; and
- US\$250,000 payable 2 years from closing.

AHI shares were valued at a market price of \$0.12 per share at the time of the acquisition.

Advanced Health Intelligence Ltd
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Note 4. Business combinations (continued)

Details of the acquisition are as follows:

	<u>Fair value</u>
	\$
Cash and cash equivalents	32
Trade receivables	2,616
Trade payables	<u>(2,477)</u>
Net assets acquired	171
Goodwill	607,176
In-process R&D Software	<u>374,000</u>
Acquisition-date fair value of the total consideration transferred	<u><u>981,347</u></u>
Representing:	
Cash paid to vendor	144,419
Advanced Health Intelligence Ltd fully paid ordinary shares issued to vendor	180,000
Deferred cash payable to vendor	<u>656,928</u>
	<u><u>981,347</u></u>

Management have considered whether any impairment considerations exist with respect to the acquired intangible assets. These are considered in Note 20.

Revenue and profit contribution

The acquired business combination contributed no revenues and net loss of \$582,735 to the group for the period from 6 December 2022 to 30 June 2023.

If the acquisition had occurred on 1 July 2022, the consolidated pro-forma revenue and profit for the year ended 30 June 2023 would not have been different to the achieved results as the Vertica business was transferred into a new company just before the transaction time, and was subsequently acquired by the Group.

Purchase Consideration - cash inflow/(outflow)	<u>2023</u>
	\$
Cash paid	(144,419)
Cash acquired	32
Net outflow of cash investing activities	<u><u>(144,387)</u></u>

	30 June 2023	30 June 2022
	<u>\$</u>	<u>\$</u>
Software development kits - per user	35,495	13,721
Software development kits - per scan	2,353	803
Software subscriptions	504,708	-
	<u>542,556</u>	<u>14,524</u>

Revenue from a contract to provide software services is recognised over time as the services are performed. Software services are invoiced either annually, quarterly or monthly in advance of service, and is initially recognised as deferred revenue and then shown as revenue over the service period.

Note 6. Other revenue

	Consolidated	
	30 June 2023	30 June 2022
	<u>\$</u>	<u>\$</u>
Consultancy income	-	60,390
Joint venture income	-	172,170
Grant income	2,135,598	890,113
Other income	5,142	13,409
Other revenue	<u>2,140,740</u>	<u>1,136,082</u>

Joint Venture Income

Joint venture income relates to expenses recharged to Body Composition Technologies Pte Limited (“BCT”) in respect of development and administrative costs. Refer to Note 37 for further information.

Grant income

Grant income has been derived over the period as follows:

	Consolidated	
	30 June 2023	30 June 2022
	<u>\$</u>	<u>\$</u>
R&D tax incentive	2,018,241	890,113
Paid parental leave funding	14,624	-
Boosting apprenticeship commencement grant	13,148	-
Export market development grant	89,585	-
	<u>2,135,598</u>	<u>890,113</u>

30 June 2023

Note 6. Other revenue (continued)

The boosting apprenticeship commencement grant is a government wage subsidy to encourage employers in Australia to take on new apprentices and trainees, or undertake further training for existing staff.

The Export Market Development Grant is an Austrade initiative to assist Australian businesses undertake promotional activities in foreign markets.

Note 7. General administration

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Consulting & advisory	1,230,098	553,087
Corporate expenses	452,893	458,663
Telecommunications & IT	237,390	202,560
General & administrative expenses	167,577	224,065
Outsourced development costs	25,287	164,050
Travel costs	447,819	207,862
Doubtful debts expense	-	235,357
ASX and listing fees	364,505	286,789
Other expenses	64,581	563,234
NASDAQ listing expenses	97,658	1,275,863
Consulting & advisory - share based payments	117,600	-
	<u>3,205,408</u>	<u>4,171,530</u>

Note 8. Employee expenses

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Salaries and wages	5,327,193	3,429,019
Superannuation contributions	489,507	322,219
Share based payments ¹	105,000	7,452,583
Employment taxes and insurances ²	(142,380)	435,089
Other employment expenses	83,379	123,400
	<u>5,862,699</u>	<u>11,762,310</u>

¹ 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 31 for details of transactions vesting within the financial year.

² The employment taxes and insurances are negative due to the refund of \$249,253.86 that was received at 23 December 2022 for the overpayment of the prior year.

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Note 9. Provision for impairment expense

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Jana Care Inc (Note 21)	200,729	62,129
Bearn Inc (Note 24)	3,868	803,072
Body Composition Technologies Pte Ltd (Note 21)	26,188	188,271
Physimax Technologies Limited	-	(79,809)
Wellteq intangibles acquired through business combination (Note 4, Note 20)	245,000	-
	<u>475,785</u>	<u>973,663</u>

The provisions for impairment for Jana Care Inc, Bearn Inc and Body Composition Technologies Pte Ltd related to the impairment of continued accrual on interest on loans to those entities, and any foreign currency fluctuations relating to the asset carrying value.

Note 10. Income tax

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
<i>a) Income tax expense</i>		
Current income tax		
Current income tax benefit	(2,867,508)	(2,651,576)
Current income tax not recognised	2,867,508	2,651,576
	<u>-</u>	<u>-</u>
Deferred income tax:		
Relating to origination and reversal of timing differences	503,587	7,168,453
Deferred income tax benefit not recognised	(503,587)	(7,168,453)
Income tax benefit reported in the Statement of profit or loss and other comprehensive income	<u>-</u>	<u>-</u>

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Advanced Health Intelligence Ltd
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Note 10. Income tax (continued)

	Consolidated	
	30 June	30 June
	2023	2022
	\$	\$
<i>b) Reconciliation of income tax expense to prima facie tax payable</i>		
Loss from continuing operations before income tax expense	(12,827,177)	(20,966,956)
Tax at the Australian rate of 25% (2022: 25%)	(3,830,489)	(5,241,739)
Capital raising costs claimed	(1,006,095)	(301,743)
Non-deductible expenses	356,552	2,017,457
Effect of difference in foreign tax rates	102,842	-
Unused tax losses and temporary differences not recognised as deferred tax assets	4,377,190	3,526,025
Tax Benefit	-	-

	Consolidated	
	30 June	30 June
	2023	2022
	\$	\$
<i>c) Deferred tax – Statement of Financial Position (unrecognised)</i>		
Revenue losses available to offset against future taxable income	6,836,877	5,428,055
Accrued expenses and leave provisions	257,778	199,877
Deductible equity raising costs	689,315	1,139,489
Other	61,291	4,004
Development asset	307,298	246,503
Patents	273,005	243,403
Investments	1,547,215	165,420
Unrealised foreign exchange gain	(66,130)	(34,344)
Prepaid expenses	-	(223,953)
Net deferred tax assets not recognised	<u>9,906,649</u>	<u>7,168,454</u>

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

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

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

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

All unused tax losses were incurred by Australian entities.

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Note 11. Loss per share

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Advanced Health Intelligence Ltd	<u>(12,827,177)</u>	<u>(20,076,843)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share	<u>184,836,915</u>	<u>153,488,834</u>
Weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share	<u>184,836,915</u>	<u>153,488,834</u>
	Cents	Cents
Basic loss per share	(6.94)	(13.08)
Diluted loss per share	(6.94)	(13.08)

Options and share rights to acquire ordinary shares granted by the Company and not exercised at the reporting date have been included in the determination of diluted earnings per share to the extent to which they are dilutive. Options or share rights on issue at 30 June 2023 are considered to be anti-dilutive due to the loss incurred during the financial year.

Note 12. Dividends

There were no dividends paid, recommended, or declared during the financial years ended 30 June 2023 and 30 June 2022. The Company has no franking credits available as at 30 June 2023 and 30 June 2022.

Note 13. Cash and cash equivalents

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Cash at bank ¹	<u>2,104,584</u>	<u>6,011,368</u>

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

Advanced Health Intelligence Ltd
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Note 14. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Loss after income tax benefit for the year	(12,827,177)	(20,076,843)
Adjustments for non-cash items:		
Depreciation and amortisation	371,273	363,695
Impairment of assets and receivables	2,283,614	4,175,993
Share-based payments	105,000	7,452,583
Foreign exchange differences	(304,954)	142,836
Fair value loss on convertible notes	-	781,492
Accrued interest	(230,785)	(155,157)
Movement in assets and liabilities:		
Decrease/(increase) in trade and other receivables	(234,955)	192,124
Decrease in prepayments	61,532	9,542
Increase in employee benefits	382,893	7,106
(Increase) in investments	-	(2,565,082)
Increase / (decrease) in deferred income	59,589	(132,800)
Increase / (decrease) in trade and other payables	2,966,786	(54,288)
Net cash used in operating activities	<u>(7,367,184)</u>	<u>(9,858,799)</u>

Note 15. Trade and other receivables

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Trade receivables	401,358	251,244
Less: Provision for doubtful debts	(235,357)	(235,357)
	<u>166,001</u>	<u>15,887</u>
GST Receivable	145,911	35,289
	<u>311,912</u>	<u>51,176</u>

During the 2022 and earlier financial years, the Company provided services to Body Composition Technologies Pty Ltd (“BCT Australia”) an Australian incorporated wholly owned subsidiary of Body Composition Technologies Pte Ltd (“BCT”). AHI has a Joint Venture interest in BCT, see Note 37. The total receivables balance from BCT Australia to the Company at 30 June 2022 was \$235,357, which had been fully provided for as a doubtful debt.

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Note 16. Prepayments

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Prepaid insurance	834,281	876,847
Other prepayments	-	18,966
	<u>834,281</u>	<u>895,813</u>

Note 17. Other financial assets

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Security deposits	65,485	37,500
Investment in Triage - at fair value through profit and loss (Refer to Note 41)	764,209	2,565,082
	<u>829,694</u>	<u>2,602,582</u>

Note 18. Right-of-use assets

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Land and buildings - Right-of-use	400,140	175,992
Less: Accumulated depreciation	(39,685)	(140,793)
	<u>360,455</u>	<u>35,199</u>

The consolidated entity had a 3-year lease agreement for office premises in Perth, Australia which ended on 31 December 2022. Refer to note 26

The consolidated entity extended its lease over the premises for an additional 3 years, with options for a 4th and 5th year. The total payments under the lease amounting to \$487,469 have been discounted at the Company's incremental borrowing rate of 7.8% in order to determine the initial lease liability of \$400,140. To determine the incremental borrowing rate, third party financing was used as a starting point and adjusted to reflect changes in financing conditions.

Notes to the financial statements
30 June 2023

Note 18. Right-of-use assets (continued)

Reconciliations

Reconciliations of Right-of-use assets written down value at the beginning and end of the current financial year are set out below:

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Opening balance – 1 July	35,199	105,594
Addition – lease extension	364,941	-
Depreciation	(39,685)	(70,395)
Balance at 30 June 2023	<u>360,455</u>	<u>35,199</u>

Note 19. Property, plant, and equipment

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Leasehold improvements - at cost	55,735	55,735
Less: Accumulated depreciation	(55,735)	(44,691)
	<u>-</u>	<u>11,044</u>
Office equipment - at cost	431,058	229,005
Less: Accumulated depreciation	(278,572)	(145,282)
	<u>152,486</u>	<u>83,723</u>
	<u>152,486</u>	<u>94,767</u>

Reconciliations

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

	Office equipment	Leasehold improvements	Total
	\$	\$	\$
Consolidated			
Balance at 1 July 2022	83,723	11,044	94,767
Additions	67,483	-	67,483
Net additions through business combinations (Note 4)	104,074	-	104,074
Depreciation expense	(102,794)	(11,044)	(113,838)
Balance at 30 June 2023	<u>152,486</u>	<u>-</u>	<u>152,486</u>

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Note 20. Intangibles

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Goodwill	3,210,161	-
Customer relationships	158,000	-
Less: Provision for impairment	(158,000)	-
	<u>-</u>	<u>-</u>
In-process R&D software	374,000	-
Brand	87,000	-
Less: Provision for Impairment	(87,000)	-
	<u>-</u>	<u>-</u>
Application development	1,972,994	1,958,742
Less: Accumulated amortisation	(1,243,445)	(986,010)
	<u>729,549</u>	<u>972,732</u>
	<u>4,313,710</u>	<u>972,732</u>

Reconciliations

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

	Goodwill	Application Development	In-process R&D software	Customer Relationships	Brand and media presence	Total
Consolidated	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	-	972,732	-	-	-	972,732
Additions through Vertica business combination (Note 4)	607,176	-	374,000	-	-	981,176
Additions through Wellteq business combination (Note 4)	2,602,985	-	-	158,000	87,000	2,847,985
Additions	-	14,252	-	-	-	14,252
Impairment of assets	-	-	-	(158,000)	(87,000)	(245,000)
Amortisation expense	-	(257,435)	-	-	-	(257,435)
Balance at 30 June 2023	<u>3,210,161</u>	<u>729,549</u>	<u>374,000</u>	<u>-</u>	<u>-</u>	<u>4,313,710</u>

Impairment testing

Goodwill acquired through business combinations of Wellteq and Vertica have been allocated to a single cash-generating unit at the consolidated entity's level.

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Advanced Health Intelligence Ltd
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Note 20. Intangibles (continued)

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 3 year projection period approved by management and extrapolated for a further 2 years using a steady rate. Management has assessed that there is a single Cash Generating Unit as follows:

Cash Generating Unit

Management has formed a view that AHI is a single Cash Generating Unit (CGU), on the basis that:

- The acquisition of the Wellteq and Vertica groups was to combine the technology of both companies into single digital solution to deliver scalable health assessment, risk stratification and digital triage to healthcare providers, insurers, employers and government agencies.
- AHI communicated this objective at the time of the Wellteq acquisition on 9 December 2022. The ASX release makes clear the intention to have a single software solution.
- At the time of acquisition of Vertica, Vertica did not have a product which was in a commercial state, and did not derive its own income.
- At the time of acquisition of Wellteq, it did have a commercialised product which developed income. However as detailed above, that product has now ceased operation as the broader integration into the AHI platform has been undertaken.
- No segmentation is conducted in the company's financial statements as it is of the view it operates within a single segment.
- Future sales of the combined AHI digital solution, combining all technology, will be made under the AHI brand.

In assessing the recoverable amount of the Intangible Assets acquired through the Wellteq business combination, management formed the view that the following impairment factors existed:

- In the quarter ended 30 June 2023, management undertook a review of the consolidated entity's service offering and technology stack, it was determined that it would cease operation of the Wellteq platform, and agreements with all customers would be terminated. No services on these customers were provided by this platform after 31 July 2023. The Wellteq platform was Wellteq's sole source of income and engagement with customers.
- As a result of this decision and a re-focussing on the entire AHI business on a Biometric Health Assessment (BHA) and scan-based product, multiple roles were made redundant, particularly impacting staff that supported or developed the Wellteq platform.
- With the decommissioning of the platform, all customer relationships ceased and the Wellteq brand was removed from the market. AHI does not intend to use the Wellteq brand going forward.

- However, as part of the future offering to customers, Wellteq will contribute experience and knowledge towards mental health and analytics capabilities within the AHI offering. Future customer agreements will, in some part, require an allocation towards Wellteq's contribution to the overall offering.

Given the factors above, management has formed the view that customer relationships and brand and media presence has no future value and therefore fully impaired.

Key assumptions are those to which the recoverable amount of an asset or CGU is most sensitive.

The following key assumptions were used in the discounted cash flow model for the CGU:

- 58% pre-tax discount rate
- 2% per annum projected revenue growth rate from year 4 (equivalent to compound annual growth rate of 110%)
- 10% per annum increase in operating costs and overheads from year 4
- Cash generated from the CGU arises from the recent announcement of the Changlin Network Technology Ltd licensing agreement (Note 38), and estimates of inflows from other recently signed agreements.

The discount rate of 58% pre-tax reflects management's estimate of the time value of money and assess risk from management of the consolidated entity's weighted average cost of capital adjusted for the CGU.

Management believes the projected 2% revenue growth rate is prudent and justified as the time horizon beyond 3 years is difficult to project. A 10% per annum increase in operating costs and overheads is considered justified to cater for growth of employee salaries and team expansion.

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**Advanced Health Intelligence Ltd
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Note 20. Intangibles (continued)

Based on the above, the recoverable amount of the goodwill based on value-in-use calculation exceeded the value of carrying amount. Therefore, management has assessed that goodwill does not require impairment during the period.

Sensitivity

As disclosed in Note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows.

If the upfront fee of USD\$10m from Changlin commercial agreement is not achieved, the recoverable value of the goodwill will not be affected as the value-in-use is still greater than the carrying value recorded. Under this assumption:

- Revenue would need to further decrease by more than 67.5% before goodwill would need to be impaired, with all other assumptions remaining constant; or
- The discount rate would be required to increase to 98.2% before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the goodwill.

In-process R&D Software

As part of the acquisition of Vertica (Note 4), the consolidated entity acquired in-process R&D software. When complete, management is of the view that it will have a finite useful life as the product is constantly improved, iterated upon and ultimately, become obsolete as time passes.

As at 30 June 2023 management has assessed this software as still being in development and not in a stage ready for commercial use. At the point in time where income is derived to which the asset contributes, management will commence amortising the asset over its projected useful life.

Note 21. Investments

Joint Venture

A parent has a 50% interest in a joint arrangement with Body Composition Technologies Pte Ltd.

The principal place of business of the joint operation is in Singapore.

The joint venture agreement in relation to Body Composition Technologies Pte Ltd require unanimous consent from all parties for all relevant activities. The two parties have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred. This entity is therefore classified as a joint operation and the group recognises it's direct right to the jointly held assets, liabilities, revenues and expenses.

Set out below are joint ventures of the group as at 30 June 2023 which, in the opinions of the directors are material to the group. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the consolidated entity. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

For more information refer to note 37.

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Advanced Health Intelligence Ltd (Formerly known as Advanced Human Imaging Ltd) Notes to the financial statements 30 June 2023

Note 21. Investments (continued)

The recoverable amounts of the Company's investments are reviewed at each reporting date. As the Company's investments are in unlisted entities, the determination of recoverable value is subject to various estimates and assumptions. As an accurate assessment of recoverable value is not available at the reporting date, the Company has elected to continue with provisions for impairment against each of its investments, as shown in the table below. When the Company can make a more accurate determination of recoverable value, the Company will re-assess whether a provision for impairment is still required for its investments.

Consolidated

	30 June 2023	30 June 2022
	<u>\$</u>	<u>\$</u>
Investment in Jana Care - at costs	953,010	752,281
Less: provision for impairment	(953,010)	(752,281)
Investment in Body Composition Technologies - at cost	713,550	696,779
Less: provision for impairment	(713,550)	(696,779)
	<u>-</u>	<u>-</u>
	<u>Jana Care</u>	<u>BCT</u>
	<u>\$</u>	<u>\$</u>
Opening balance – 1 July 2022	-	-
Addition	200,729	16,771
Less: Impairment for the year	(200,729)	(16,771)
Ending balance - 30 June 2023	<u>-</u>	<u>-</u>

Note 22. Trade and other payables

	Consolidated	
	30 June 2023	30 June 2022
	<u>\$</u>	<u>\$</u>
Trade payables	2,810,643	136,372
Accrued Expenses	405,015	216,788
Employment related payables	251,896	147,609
	<u>3,467,554</u>	<u>500,769</u>

Note 23. Employee benefits

	Consolidated	
	30 June 2023	30 June 2022
	<u>\$</u>	<u>\$</u>
Current		
Annual leave	<u>628,713</u>	<u>383,236</u>

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Note 23. Employee benefits (continued)

Consolidated

	30 June 2023	30 June 2022
	\$	\$
Non-current		
Long service leave	200,277	62,861

Note 24. Loans to other entities

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$	\$
Investment in Bearn - at cost	806,940	803,072
Less: provision for impairment	(806,940)	(803,072)
	-	-

Reconciliation of the loan balance at the beginning and end of the current financial year are set out below:

Opening balance - 1 July 2022	-	747,718
Accrued interest	121,131	55,354
Repayment	(150,700)	-
Impairment	(3,868)	(803,072)
Impact on foreign exchange rate	33,437	-
Ending balance – 30 June 2023	-	-

Bearn, Inc (“Bearn”) has developed an application that allows for the gamification and engagement of health users by rewarding users for achieving health goals. In January 2021, the Company entered a Joint Marketing Agreement (the “Bearn Agreement”) with Bearn). Pursuant to the Bearn Agreement, the Company has funded a total of US\$500,000 to Bearn over 4 tranches. The loan is secured over Bearn’s software and separately a pledge over the interests of Bearn’s founder, Mr. Aaron Drew.

Under the terms of the agreement, Bearn undertook to use the funds advanced by the Company to integrate the AHI scan capabilities and launch with a target to deliver 1 million active monthly users to the Company within 12 months from Launch. If Bearn failed to achieve this target, the loan and interest became repayable 15 months from the date of the promissory note, which was extended to October 31, 2022.

If Bearn achieves the target the repayment date will be extended for a further 12 months.

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Note 24. Loans to other entities (continued)

The Bearn Agreement contains certain warranties, indemnities and limitations of liability by both parties. The loan attracts interest at 8% for the first 12 months and thereafter a sliding scale of interest (15% to 0%) applies depending on the number of monthly active users. Should the number of active monthly users reach 2 million, the loan will be

forgiven. The maturity date depends on Bearn achieving 1 million active monthly users. If the target is not achieved, then the loan and accrued interest is repayable in 15 months.

As at 30 June 2023, Bearn had not achieved its sales targets.

The value of the Bearn loan at 30 June 2023 is \$806,940 (2022: \$803,072), which includes accrued interest during the period of \$121,131 (2022: \$55,354). The Company has fully impaired the value of the Bearn loan at 30 June 2023 and 30 June 2022.

Bearn made repayments of USD\$100,973 (AUD\$150,700) in respect of the loan during the year ended 30 June 2023 (2022: Nil).

Note 25. Interest bearing borrowings

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
R&D prepayment loan ¹	1,000,000	700,000
Other loans ²	207,712	410,171
Convertible notes payable ³	225,460	-
	<u>1,433,172</u>	<u>1,110,171</u>

Interest bearing borrowings movement	Opening balance at 1 July 2022	Additions	Repayment	Closing balance at 30 June 2023
R&D prepayment loan	700,000	1,000,000	(700,000)	1,000,000
Other loans	410,171	1,195,000	(1,397,459)	207,712
Convertible notes payable	-	1,975,460	(1,750,000)	225,460
	<u>1,110,171</u>	<u>4,170,460</u>	<u>(3,847,459)</u>	<u>1,433,172</u>

¹ In the year ended 30 June 2023, the Company received a \$1,000,000 R&D tax prepayment loan from Asymmetric Innovation Finance Pty Ltd Pty Ltd. The loan attracts interest at a rate of 15% per annum and will be repaid in full on following the assessment of AHI's 2023 R&D tax incentive and the corresponding receipt of funds.

In the year ended 30 June 2022, the Company received a \$700,000 R&D tax prepayment loan from R&D Capital Partners Pty Ltd. The loan attracts interest at a rate of 1.15% per month and was repaid in full on 30 January 2023 following the assessment of AHI's 2022 R&D tax incentive.

² Other loans, held with First Insurance Funding, are held to fund the Company's upfront annual insurance premium. The loans are unsecured and interest bearing at a rate of 7.5%.

³ Holders of each convertible note, face value \$1, may convert into shares any time after the earlier of the first 6 months of issuance of the note and the date that the AHI share price on the ASX trades at or above a floor price of \$0.50. AHI must pay interest on the face value at 8% per annum, calculated and capitalised quarterly.

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Note 26. Lease liabilities

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Current liability	65,182	51,213
Non-current liability	305,082	-
	<u>370,264</u>	<u>51,213</u>

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Balance at the beginning of the financial year	51,213	138,125
Lease liability recognised - new operating lease ¹	400,140	-
Repayment of lease liability	(81,089)	(86,912)
Balance at the end of the financial year	<u>370,264</u>	<u>51,213</u>

The consolidated entity had a 3-year lease agreement for office premises in Perth, Australia which ended on 31 December 2022. The total payments under the lease amounting to \$299,129 were discounted at the Company's incremental borrowing rate of 10% in order to determine the initial lease liability of \$211,191. To determine the incremental borrowing rate, third-party financing received was used as a starting point and adjusted to reflect changes in financing conditions since the third-party financing was received.

¹ The consolidated entity extended its lease over the premises for an additional 3 years, with options for a 4th and 5th year. This lease commenced on 1 January 2023. The total payments under the lease amounting to \$487,469 have been discounted at the Company's incremental borrowing rate of 7.8% in order to determine the initial lease liability of \$400,140. To determine the incremental borrowing rate, third party financing was used as a starting point and adjusted to reflect changes in financing conditions.

During the financial year, \$20,245 (2022: \$23,589) interest on the lease was expensed as financing costs.

Note 27. Other current liabilities

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Deferred revenue	59,589	-
Deferred acquisition consideration	372,875	-
	<u>432,464</u>	<u>-</u>

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Note 27. Other current liabilities (continued)

The deferred acquisition consideration relates to the acquisition of Vertica Health (Pty) Ltd. Refer to Note 4. Under the terms of the Vertica acquisition, deferred consideration was payable to the vendors as follows:

- US\$250,000 payable 1 year from closing; and
- US\$250,000 payable 2 years from closing.

Reconciliation of deferred revenue

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Opening balance	-	-
Advances received during the year, net of revenue recognised	59,589	-
Deferred revenue acquired through business combination	150,016	-
Revenue recognised during the year that was included in the deferred revenue balance at the beginning of the year or at business combination	(150,016)	-
Closing balance	<u>59,589</u>	<u>-</u>

Note 28. Other Non-current liabilities

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Deferred acquisition consideration	<u>346,796</u>	<u>-</u>

The reconciliation of the present value of deferred consideration at business combination to balance date is shown below:

	30 June 2023	30 June 2022
	\$	\$
Deferred consideration – current portion	372,875	-
Deferred consideration – non-current portion	346,796	-
	<u>719,671</u>	<u>-</u>

Refer to Note 32 for further information on financial instruments.

Note 29. Issued capital

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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Note 29. Issued capital (continued)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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

	Consolidated			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Shares	Shares	\$	\$
Issued capital - ordinary shares	217,703,969	166,749,382	76,008,621	61,822,859
Issued share capital	217,703,969	166,749,382	76,008,621	61,822,859
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Shares	Shares	\$	\$
Share movements during the period - ordinary shares				
At the start of the period	166,749,382	136,362,538	61,822,859	39,213,794
Share placement	20,000,000	-	5,000,000	-
Shares issued on exercise of Performance rights (Note 31)	10,500,000	5,000,000	8,410,200	1,996,500
Shares issued on exercise of Options	-	3,103,622	-	1,665,905
Shares issued to related party	-	2,000,000	-	920,000
Share based payments	-	1,172,812	-	1,050,237
Share issue - NASDAQ IPO	-	16,100,000	-	16,706,786
Share issue - conversion of convertible note	-	3,010,410	-	3,125,964
Share issue - Vertica acquisition (Note 4)	1,500,000	-	180,000	-
Share issue - Wellteq acquisition (Note 4)	17,804,587	-	1,673,631	-
Shares issued to service providers	1,150,000	-	117,600	-
Less share issue costs	-	-	(1,195,669)	(2,856,327)
	<u>217,703,969</u>	<u>166,749,382</u>	<u>76,008,621</u>	<u>61,822,859</u>

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Note 29. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Opening Balance	1 July 2022	166,749,382	61,822,859	
Vertica acquisition shares (1)	05/08/2022	1,500,000	\$ 0.120	180,000
Wellteq acquisition shares (2)	06/12/2022	17,804,587	\$ 0.094	1,673,631
Conversion of performance rights (3)	19/12/2022	10,000,000	\$ 0.831	8,305,200
Shares issued to service provider (4)	15/02/2023	400,000	\$ 0.094	37,600
Shares issued to service provider (5)	15/02/2023	500,000	\$ 0.105	52,500
Shares issued to service provider (6)	18/04/2023	250,000	\$ 0.110	27,500
Share placement (7)	14/06/2023	20,000,000	\$ 0.250	5,000,000
Conversion of performance rights (8)	30/06/2023	500,000	\$ 0.210	105,000
Share issue costs (9)		-	\$ 0.000	(1,195,669)
Balance	30 June 2023	217,703,969		76,008,621

- (1) Issued at a market value of \$0.12 per share at the time of the Vertica acquisition. See Note 4.
- (2) Issued at a market value of \$0.094 per share at the time of the Wellteq acquisition. See Note 4.
- (3) 10,000,000 vested performance rights were exercised by Mr Vlado Bosanac on 12 December 2022 into ordinary shares in the Company.
- (4) 400,000 shares were issued to Mr Evan Cross at \$0.094 per share for consultancy services rendered to the company.
- (5) 500,000 shares were to a supplier as a fee for securing a \$1million short term loan facility.
- (6) 250,000 shares were issued to Celtic Capital Pty Ltd at \$0.11 per share for consultancy services rendered to the company.
- (7) 20,000,000 shares were issued in a private placement to Orca Capital GMBH at \$0.25 per share. A capital raising fee of \$315,000 was payable to Evolution Capital from the proceeds of the capital raise.
- (8) 500,000 vested performance rights were exercised by a former employee on 30 June 2023 into ordinary shares in the Company.
- (9) Share issue costs incurred during the period included:
 - \$135,562 for legal fees in respect of the Wellteq Acquisition.
 - \$315,000 to Evolution Capital as described in (7) above.
 - \$42,724 to other the Maxim Group and VCheck Global for capital raising services rendered.
 - \$702,383 to Evolution capital to recognise issue of shares on capital raising

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Note 30. Reserves

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Equity Remuneration Reserve	1,601,530	9,338,100
Foreign currency reserve	(283,273)	-
	<u>1,318,257</u>	<u>9,338,100</u>

Equity remuneration reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Movement in equity remuneration reserve		
Balance at the beginning of the year	9,338,100	5,293,019
Fair value vesting expense of options and performance rights	807,383	6,532,583
Fair value of options/performance rights exercised during the year	(8,410,200)	(2,487,502)
Lapse of performance rights and options	(133,753)	-
Balance at the end of the period	<u>1,601,530</u>	<u>9,338,100</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Movement in foreign currency reserve		
Balance at the beginning of the period	-	-
Movement in the value of foreign subsidiary losses and intercompany loan balances	283,273	-
Balance at the end of the period	<u>283,273</u>	<u>-</u>

Note 31. Share-based payments

Options

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

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

During the year ended 30 June 2023, the Company issued the following options.

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Advanced Health Intelligence Ltd (Formerly known as Advanced Human Imaging Ltd) Notes to the financial statements 30 June 2023

Note 31. Share-based payments (continued)

- 2,500,000 unlisted options were issued, valued at \$0.28 with an exercise price of \$0.35 to Evolution Capital Pty Ltd on 13 June 2023 in respect of capital raising services rendered. These options expire on 13 June 2025 and had no vesting conditions.

During the year ended 30 June 2022, the Company issued 700,000 unlisted Director options (following shareholder approval) and 140,000 unlisted placement options, details of which can be found below.

During the year ended 30 June 2023, no options vested (2022 - Nil).

During the year ended 30 June 2023, no options were exercised.

During the year ended 30 June 2022, the following options were exercised:

<u>Grant date</u>	<u>Options exercised</u>	<u>Exercise price</u>	<u>Vesting date</u>	<u>Expiry date</u>
21/12/2016	750,000	\$ 0.10	31/12/2018	31/12/2021
21/12/2016	500,000	\$ 0.10	26/10/2019	30/12/2021
31/07/2018	250,000	\$ 0.50	31/12/2019	31/12/2022
31/07/2018	250,000	\$ 0.50	31/12/2020	31/12/2023
12/02/2019	58,333	\$ 0.60	05/03/2019	20/02/2022
27/11/2019	500,000	\$ 0.60	04/12/2020	04/12/2022
24/02/2020	100,000	\$ 0.50	31/01/2021	31/01/2022
	<u>2,408,333</u>			

b) Options on issue at balance date

The number of options outstanding over unissued ordinary shares at 30 June 2023 is 7,786,958 as follows:

<u>Grant date</u>	<u>Options granted</u>	<u>Exercise price</u>	<u>Vesting date</u>	<u>Expiry date</u>
01/02/2019	200,000	\$ 0.65	31/12/2020	31/12/2023
19/10/2020	4,246,958	\$ 1.60	19/10/2020	19/10/2023
07/02/2022	140,000	\$ 1.10	07/02/2022	18/01/2025
07/02/2022	700,000	\$ 1.50	07/02/2022	07/02/2025
13/06/2023	<u>2,500,000</u>	\$ 0.35	13/06/2023	13/06/2025

7,786,958

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Note 31. Share-based payments (continued)

During the current year the following movements in options over unissued shares occurred for share-based payments:

	<u>Number of options</u> <u>30 June 2023</u>	<u>Weighted average exercise price</u> <u>30 June 2023</u>	<u>Number of options</u> <u>30 June 2022</u>	<u>Weighted average exercise price</u> <u>30 June 2022</u>
Outstanding at the beginning of the financial year	6,486,958	\$ 1.131	8,120,291	\$ 1.041
Granted	2,500,000	\$ 0.350	840,000	\$ 1.433
Forfeited	(1,200,000)	\$ 0.608	(65,000)	\$ 0.600
Exercised	-	\$ 0.000	(2,408,333)	\$ 0.316
Outstanding at the end of the financial year	<u>7,786,958</u>	<u>\$ 0.839</u>	<u>6,486,958</u>	<u>\$ 1.131</u>
Exercisable at the end of the financial year	<u>7,786,958</u>	<u>\$ 0.839</u>	<u>6,486,958</u>	<u>\$ 1.131</u>

The range of exercise prices for options outstanding at the end of the year was \$0.35 to \$1.50 (2022: \$0.60 to \$1.50).

The weighted average contractual life for unexercised options is 11.2 months (2022: 14.6 months)

c) Subsequent to balance date

Since the end of the financial year and the date of this report, no options have been exercised (2022: Nil). No options have been cancelled, issued or vested between the end of the financial year and the date of this report.

d) Basis and assumptions used in the valuation of options

2,500,000 options were issued during the financial year (2022: 840,000 options) and have been valued and expensed immediately since there are no vesting conditions. The share-based payments expense for the period of \$702,383 (2022: \$138,012) relates to the fair value of options apportioned over their respective vesting periods.

The options issued during the year ended 30 June 2023 were valued using the Black-Scholes option valuation methodology, as follows:

<u>Date granted</u>	<u>Options Granted No.</u>	<u>Exercise price</u> \$	<u>Expiry date</u>	<u>Risk free interest rate</u> %	<u>Volatility applied</u> %	<u>Value per option</u> \$
13/06/2023	<u>2,500,000</u>	0.35	13/06/2025	4.10%	137.0%	0.281

The options issued during the year ended 30 June 2022 were valued using the Black-Scholes option valuation methodology, as follows:

<u>Date Granted</u>	<u>Options granted No.</u>	<u>Exercise price</u> \$	<u>Expiry date</u>	<u>Risk free interest rate</u> %	<u>Volatility applied</u> %	<u>Value per option</u> \$
07/02/2022	700,000	\$ 1.50	07/02/2025	1.39%	95.8%	\$ 0.160
07/02/2022	140,000	\$ 1.10	18/01/2025	1.39%	95.8%	\$ 0.184

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Note 31. Share-based payments (continued)

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.

Performance Rights

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

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

During the financial year ended 30 June 2023, the following grants occurred with respect to performance rights during the period:

<u>Grant Date</u>	<u>Rights granted</u>	<u>Expiry date</u>	<u>Fair value per right at grant date</u>	<u>Vesting</u>
28/06/2023	<u>500,000</u>	28/06/2024	\$ 0.21	Issued vested

During the financial year ended 30 June 2023, the following occurred with respect to performance rights during the period:

- 10,000,000 vested performance rights were exercised by Mr Vlado Bosanac on 12 December 2022 into ordinary shares in the Company.
- 500,000 performance rights were issued to an employee on 28 June 2023 and vested immediately. These rights were exercised on 30 June 2023 for 500,000 ordinary shares in the Company.

During the financial year ended 30 June 2022, no new performance rights were granted by the Company. The following transactions occurred with respect to performance rights during the period:

- 2,000,000 performance rights vested in Mr Vlado Bosanac and were exercised on 1 March 2022 for 2,000,000 ordinary shares in the Company.

- 100,000 performance rights, which were due to vest on 6 November 2022 and 6 November 2023 respectively lapsed, due to the employee holding those performance rights resigning from the Company in June 2022.

Performance rights on issue at balance date

The number of performance rights outstanding over unissued ordinary shares at 30 June 2023 is as follows:

Grant date	No of rights	Expiry date	Fair value per right at grant	Vesting
06/11/2020	<u>50,000</u>	06/11/2026	\$ 0.85	Vested, not exercised

c) Subsequent to balance date

Subsequent to the 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 issued during the period were issued with no vesting conditions. The 500,000 performance rights issued on 28 June 2023 were valued with reference to the underlying AHI share price at the time of issue, being \$0.21.

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Note 31. Share-based payments (continued)

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Shares issued for services rendered in relation to the NASDAQ listing	-	979,638
Shares issued to directors as remuneration	-	920,000
Shares issued to advisers as remuneration	117,600	-
Performance rights issued to directors and employees as remuneration	105,000	6,394,571
Options issued to directors as remuneration	-	112,188
Options issued to directors as remuneration	-	25,824
Options issued to advisers as remuneration ¹	702,383	-
	<u>924,983</u>	<u>8,432,221</u>

1 Options issued in relation to capital raising cost.

Note 32. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

Market risk

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

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The company is listed on the NASDAQ capital market and holds a portion of its cash assets in US denominated bank accounts. In addition, the acquisition of the Wellteq and Vertica groups during the financial year has further exposed the consolidated entity to fluctuations in the Canadian Dollar, Singaporean Dollar and South African Rand.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

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

Price risk

The consolidated entity is not exposed to any significant price risk.

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**Advanced Health Intelligence Ltd
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Note 32. Financial instruments (continued)

Interest rate risk

The consolidated entity has cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the consolidated entity requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements.

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

Carrying value	
30 June	30 June
2023	2022

	\$	\$
Fixed rate instruments		
Financial asset ¹	806,940	803,072
Financial liabilities	<u>(1,803,436)</u>	<u>(1,161,384)</u>
	<u>(996,496)</u>	<u>(358,312)</u>
Variable rate instruments		
Financial assets	<u>2,104,584</u>	<u>6,011,368</u>

¹ Whilst the consolidated entity has fully impaired the Loan Receivable from Bearn LLC as at 30 June 2023 and 2022, it continues to accrue interest on this financial asset. The interest portion of this loan receivable has been fully impaired. See Note 24.

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.

	<u>Profit of Loss</u>		<u>Equity</u>	
	<u>1% increase</u>	<u>1% decrease</u>	<u>1% increase</u>	<u>1% decrease</u>
	\$	\$	\$	\$
2023				
Variable Rate Instruments	<u>21,046</u>	<u>(21,046)</u>	<u>21,046</u>	<u>(21,046)</u>
2022				
Variable Rate Instruments	<u>60,114</u>	<u>(60,114)</u>	<u>60,114</u>	<u>(60,114)</u>

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Trade and other receivables

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

Cash deposits

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

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

Liquidity risk

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

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

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
30 June 2023	%	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	-	3,467,554	3,467,554	3,467,554	-	-	-	-
Interest bearing borrowings	11.25%	1,207,712	1,207,712	1,207,712	-	-	-	-
Lease liabilities	7.80%	370,064	442,469	45,000	46,800	95,472	255,197	-
Convertible notes	8.00%	225,460	225,460	-	-	-	225,460	-
Other current liabilities	-	432,464	432,464	432,464	-	-	-	-
Other non-current liabilities	-	346,796	346,796	-	-	346,796	-	-
		<u>6,050,050</u>	<u>6,122,455</u>	<u>5,152,730</u>	<u>46,800</u>	<u>442,268</u>	<u>480,657</u>	<u>-</u>
30 June 2022	%	\$	\$	\$	\$	\$	\$	\$
Trade and other payable	-	500,769	500,769	500,769	-	-	-	-
Interest bearing borrowings	10.00%	1,110,171	1,110,171	1,110,171	-	-	-	-
Lease liabilities	10.00%	51,213	51,213	51,213	-	-	-	-

1,662,153	1,662,153	1,662,153	-	-	-	-
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Advanced Health Intelligence Ltd
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Notes to the financial statements
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Note 32. Financial instruments (continued)

Fair value of financial instruments

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

Consolidated	30 June 2023		30 June 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
<i>Assets</i>				
Cash and cash equivalents	2,104,584	2,104,584	6,011,368	6,011,368
Trade receivables	311,912	311,912	51,176	51,176
	2,416,496	2,416,496	6,062,544	6,062,544
<i>Liabilities</i>				
Trade and other payables	3,467,554	3,467,554	500,769	500,769
Interest bearing borrowings	1,433,172	1,433,172	1,110,171	1,110,171
Lease liability - current	65,182	65,182	51,213	51,213
Lease liability - non current	305,082	305,082	-	-
Other payables (Note 28)	346,796	346,796	-	-
	5,617,786	5,617,786	1,662,153	1,662,153

Impairment losses

For the year ended 30 June 2023, the Directors elected to impair all the consolidated entity's investments and loan receivable as listed in these Financial Statements, as the Directors believe that there is currently a lack of reliable indicators to assess the fair value of these investments. Refer to note 9 for additional information.

Note 33. Commitments

Lease commitments

The company has a lease for its principal place of business at Unit 5, 71-73 South Perth Esplanade, South Perth in Western Australia (Lease), which was initially entered into on 1 January 2020 and renewed for a further term commencing 1 January 2023. The lease is accounted for under accounting standard AASB 16 *Leases*. Refer to Note 26.

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Advanced Health Intelligence Ltd
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Notes to the financial statements
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Note 33. Commitments (continued)

Other commitments

- (i) During the year ended 30 June 2022, AHI completed its investment of USD \$3,000,000 in Triage Technologies, Inc. (“Triage”) However, AHI has, by mutual agreement with Triage, yet to issue it with USD \$3,000,000 in ordinary shares in AHI, as part of a strategic plan to expand the Company’s service offering, referred to as “DermaScan”.
- (ii) As disclosed in AHI’s 2022 Annual report, AHI has an Agreement with Tinjoy Biotech Limited “Tinjoy”), to contribute USD \$200,000 towards Tinjoy’s marketing costs, and has an option to invest in Tinjoy’s Winscan Platform as follows:
- AHI has the right to acquire up to 40% of Tinjoy’s Winscan Platform, priced at a valuation of US\$10 million taking for consideration to be approximately US\$2-4 million. This can be in cash or shares in AHI or a combination as mutually agreed.
 - 12-24 month option to take up the 40% at AHI’s option to acquire a holding in WinScan. The option would be triggered should WinScan achieve user numbers of 5 million users a month. This would trigger a 20% investment of US\$2 million from AHI.
 - If WinScan achieves a user base of 10 million monthly users, AHI would be required to take up a 40% stake in WinScan at an agreed investment of US\$4 million.
 - In the event AHI exercises its option, the US\$200,000 marketing and training advance will form part of the total investment outlined above.
 - At the date of this report, US\$50,000 in payments have been made to Tinjoy in lieu of AHI’s marketing contribution.

To the date of this report, AHI has paid US\$150,000 to Tinjoy, with a remaining balance of US\$50,000 committed, but not yet paid.

This commitment still exists at 30 June 2023.

Note 34. Contingencies

There are no material contingent assets or liabilities at the reporting date.

Note 35. Key management personnel disclosures

Directors

The following persons were Directors of Advanced Health Intelligence Ltd during the financial year:

Mr Nick Prosser	Interim Non-Executive Chairman
Dr Katherine Iscoe	Executive Director
Mr Scott Montgomery	Executive Director and CEO - appointed 1 December 2022
Mr Michael Melby	Non-Executive Director

Mr Dato Low Koon Poh	Non-Executive Director
Mr Peter Goldstein	Non-Executive Director
Ms Jacqueline Yee	Non-Executive Director - appointed 20 December 2022
Mr Peter Vaughan	Non-Executive Director - appointed 1 December 2022, resigned 16 December 2022

Other key management personnel

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Simon Durack JP	Company Secretary and Chief Financial Officer
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**Advanced Health Intelligence Ltd
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Note 35. Key management personnel disclosures (continued)

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Short-term employee benefits	928,274	695,325
Post-employment benefits	30,934	48,350
Share-based payments	-	7,421,903
	<u>959,208</u>	<u>8,165,578</u>

Note 36. Related party disclosures

Parent entity

Advanced Health Intelligence Ltd is the parent entity.

Joint ventures

Interests in joint ventures are set out in Note 37.

Key management personnel

Disclosures relating to key management personnel are set out in Note 35 and the remuneration report included in the Directors' report.

Transactions with related parties

On 19 December 2022, Vlado Bosanac, a former Director of the Company, elected to exercise 10,000,000 performance rights, which had previously vested in him after meeting the vesting criteria, into 10,000,000 fully paid ordinary shares in the Company. Mr Bosanac then sold these shares in an off-market transfer to his partner, Dr Katherine Iscoe, who is an Executive Director of the Company.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 37. Interests in joint ventures

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

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

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

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**Advanced Health Intelligence Ltd
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Note 37. Interests in joint ventures (continued)

The following tables illustrate the summarised financial information of the Company’s investment in BCT:

Summarised financial information

	BCT	
	30 June 2023	30 June 2022
	\$	\$
<i>Summarised statement of financial position</i>		
Current assets	155,061	1,803
Total assets	155,061	1,803
Current liabilities	1,236,808	500,815
Non-current liabilities	1,080,345	2,000,000
Total liabilities	2,317,153	2,500,815

Net liabilities	<u>(2,162,092)</u>	<u>(2,499,012)</u>
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	226,341	269,203
Expenses	<u>(171,167)</u>	<u>(537,009)</u>
Profit/(loss) before income tax	55,174	(267,806)
Other comprehensive income	-	-
Total comprehensive income	<u>55,174</u>	<u>(267,806)</u>
<i>Reconciliation of the consolidated entity's carrying amount</i>		
Opening carrying amount	-	680
Share of loss after income tax	<u>-</u>	<u>(680)</u>
Closing carrying amount	<u>-</u>	<u>-</u>

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.

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Advanced Health Intelligence Ltd
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Note 38. Events after the reporting period

AHI Signs Exclusive License with Changlin Network Technology Ltd

On August 4, 2023, Advanced Health Intelligence informed shareholders that the Company has executed a binding exclusive, perpetual license with Shanghai-based Changlin Network Technology Ltd ("Changlin").

Shanghai-based Changlin Network Technology and Advanced Health Intelligence have worked together over the past 90 days, collaborating on the terms and commercial aspects of the exclusive license for The Peoples Republic of China. Today, we are pleased to inform shareholders of the conclusion and signing of the license between the groups.

Changlin was initially founded in 2019 by Cecilia Qiao and Russell Bateman, collectively bringing over 50 years' experience in the health insurance sector spanning the globe and particularly mainland China. Using the "China 2030 health initiative" as its cornerstone, Changlin was established as a specific vehicle to implement transformational technologies. Now, Changlin will direct its resources to commercialise and bring AHI's innovative, scalable digital healthcare solutions to the People's Republic of China at scale. This creates the foundation of rapid growth and reflects its mission to transform the country's healthcare landscape through the power of advanced digital technology.

Changlin identified AHI's innovative technology in 2019 when attending a demonstration by AHI with China's 3rd largest Insurance company, China Pacific Insurance Company, CPIC. Changlin's strategy is to leverage AHI's technology through the support and initiatives the Chinese Government is encouraging with a need to improve the population's health and healthcare accessibility. The Chinese government has initiated a comprehensive policy to actively encourage and foster innovation in the healthcare sector, with an emphasis on inviting local Chinese companies to scout, partner with, and bring cutting-edge technologies from around the globe. This strategic move aligns with the government's vision to advance healthcare services and improve patient care in China. It underscores China's commitment to modernise its healthcare system and infrastructure, accelerate digital health transformation,

and, in doing so, meet the evolving health needs of its population. China is paving the way for a healthier and technologically advanced future by inviting global health innovation.

The intention is to provide individuals with AHI's Biometric Health Assessment via the Changlin platform or application, identifying commonly known chronic disease indicators to triage the individual into the appropriate care pathways.

The broad commercial terms of the license with Changlin Network Technology Ltd are:

- (1) Changlin is to pay AHI USD\$10 million within 90 days from the execution date of the agreements for the exclusive and perpetual right to AHI's technology ("**Upfront License Fee**"). Changlin is in the process of obtaining finance to pay the Upfront License Fee, following which approval from the State Administration of Foreign Exchange of China ("**SAFE**") will be sought.
- (2) Following the receipt of SAFE approval, the Upfront License Fee will be paid, and AHI will grant Changlin the license.
- (3) This period may be extended by mutual agreement.
- (4) Changlin will pay AHI an annual license fee of USD\$5m in addition to any revenue share.
- (5) AHI will receive a 25% revenue share of Changlin's gross sales. This revenue share will be paid quarterly in arrears.
- (6) The agreement contains standard termination clauses as is customary in such arrangements.
- (7) Changlin will localise the intellectual property (IP) and, if necessary, develop its own IP related to the licensed technology.
- (8) Changlin may only commercialise the technology within the People's Republic of China
- (9) Should Changlin create IP that AHI wishes to offer outside of China, AHI retains the unrestricted right to do so in all other jurisdictions globally.
- (10) Changlin has been granted a 120-day standstill period during which AHI will not offer, sell, or enter negotiations with other parties within China.
- (11) AHI will initially hold shares in Changlin of 50%.
- (12) Changlin is targeting an initial public offering in 2024 (IPO); in such an event, AHI will maintain up to 25%, but not less than 20%, of its common shareholding in Changlin at the IPO.

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Advanced Health Intelligence Ltd
(Formerly known as Advanced Human Imaging Ltd)
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30 June 2023

Note 38. Events after the reporting period (continued)

AHI Signs Collaboration Agreement with IntelliGen FZ-LLC

On August 14, 2023, Advanced Health Intelligence informed shareholders that the Company has entered into a Collaboration Agreement with UAE-Based IntelliGen FZ-LLC (“Intelligen”) to deploy the AHI technology throughout the Middle East. The Collaboration Agreement between AHI and IntelliGen represents the successful conclusion of an extensive evaluation process by IntelliGen, which encompassed technology functionality, usability, and health evaluation.

The collaboration between AHI and IntelliGen represents an initiative to address the pressing healthcare challenges in the Middle East, particularly in Saudi Arabia. This partnership combines AHI’s advanced technology with IntelliGen’s deep understanding of in-country needs and its founders’ extensive experience in healthcare provision and government collaboration.

The parties are targeting Q1 2024 as the initial launch of the combined solution, and until such time AHI does not expect this collaboration to generate any revenue.

The broad commercial terms of the license with Intelligen are:

- (1) The agreement was made between IntelliGen Solutions FZ-LLC, a company incorporated under the laws of the Dubai Development Authority, and Advanced Health Intelligence Ltd (AHI);
- (2) The initial term of the agreement will be for 12 months from the effective date and will automatically extend annually unless terminated by either party with 30 days’ notice prior to the end of the initial term;
- (3) The partnership aims to establish AHI’s presence within both governmental and private entities across the Middle East, mainly focusing on Saudi Arabia. The goal is to commercialise AHI’s technology through IntelliGen Solutions;
- (4) AHI UAE will form a Special Purpose Vehicle (SPV) to pursue commercial opportunities introduced by IntelliGen Solutions;
- (5) IntelliGen will receive a revenue share from all opportunities introduced by IntelliGen;
- (6) Revenue share will be calculated as 50% of revenue above AHI base commercial offering; and
- (7) The Agreement can be terminated by mutual agreement upon 90 Days written notice or with cause.

IntelliGen has the potential to earn between 250,000 and up to 2,000,000 fully paid ordinary shares in AHI. This share allocation is intricately linked to the successful generation of license fees through collaboration or direct investment in AHI. The issuance of these shares is contingent upon IntelliGen meeting specific criteria related to generating license fees or investment, as outlined in the table below. Upon the successful fulfilment of these criteria, AHI will seek shareholder approval for the issuance of the shares.

Aggregate License Fee/Investment (\$)	AHI Shares issued to IntelliGen
US\$2m	250,000
US\$5m	500,000
US\$10m	1,000,000
US\$20m	2,000,000

Notes to the financial statements
30 June 2023

Note 38. Events after the reporting period (continued)

AHI successfully registers R&D Overseas Advance Ruling

On August 17, 2023 - Advanced Health Intelligence Ltd announced a significant milestone in its ongoing commitment to innovation and research. AHI's submission to the Australian Government was successful in obtaining eligibility for 43.5% reimbursement of approved expenditures incurred abroad for overseas Research & Development (R&D) of intellectual property (IP) under the Australian Government Research and Development Tax Incentive Scheme.

Following a thorough review and assessment by the relevant governmental bodies, AHI's R&D projects for further enhancement of its IP pertaining to its biometric health assessment, clinical trial validations and on-device algorithms was approved. As a result, the Company is now eligible to claim 43.5% of the costs incurred for these approved Overseas Research and Development activities.

After closing the acquisitions in 2022 of Vertica Health and Welteq Digital Health Inc., the Company expanded its global development team across the US, Singapore, South Africa, and Netherlands. The economic value returned to the Company through the R&D reimbursement scheme is significant, and AHI will now be able to cast a far broader net to attract additional skills required to extend its leadership in its field of smartphone-derived biometric health technology.

This success underscores AHI's dedication to pioneering research and aligns with the Australian Government's robust support for advancing global research initiatives and Australian-owned IP development. It reflects both the stringent eligibility criteria and the broader goals of the R&D reimbursement program, designed to foster innovation and growth within the industry.

The reimbursement will significantly contribute to AHI's ongoing R&D projects, enabling the Company to invest in cutting-edge technologies and methodologies that will drive future success and what we believe to be game-changing for global health.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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Advanced Health Intelligence Ltd
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Notes to the financial statements
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Note 38. Events after the reporting period (continued)

AHI Secures \$1.5 million Convertible Loan Facility

On 13 September 2023, the Company announced that it had secured a \$1.5 million Convertible Loan Facility, with the capacity to increase this amount to \$5 million under the facility.

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

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

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

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

The Company is currently considering other financing opportunities and will keep shareholders informed as this round of fund-raising progresses.

Note 39. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PKF Brisbane Audit, the auditor of the Company:

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Audit and review of the Company's financial statements		
- PKF Perth	-	159,900
- PKF Brisbane Audit	197,000	95,000
Taxation services - PKF Perth	15,730	13,300
Other services - PKF Perth	1,200	3,500
	<u>213,930</u>	<u>271,700</u>

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Advanced Health Intelligence Ltd
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Note 40. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2023	30 June 2022
	\$	\$
Loss after income tax	<u>(10,541,904)</u>	<u>(19,962,718)</u>

Total comprehensive income (10,541,904) (19,962,718)

Statement of financial position

	Parent	
	30-Jun-23	30-Jun-22
	\$	\$
Total current assets	2,811,985	6,925,107
Total non-current assets	7,238,864	3,852,108
Total assets	10,050,849	10,777,215
Total current liabilities	3,901,365	2,044,842
Total non-current liabilities	1,206,130	62,861
Total liabilities	5,107,495	2,107,703
Net assets	4,943,354	8,669,512
Issued capital	76,008,621	61,822,859
Foreign currency reserve	232,801	-
Equity remuneration reserve	1,601,530	9,338,100
Accumulated losses	(72,899,598)	(62,491,447)
Total equity	4,943,354	8,669,512

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

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Advanced Health Intelligence Ltd
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Shareholder information
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Note 41. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

There were no Level 1, 2 and/or 3 liabilities held in 2023 (2022 \$Nil).

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation technique for fair value measurements categorised within level 3

The basis of the valuation of the investment in Triage Technologies Inc. (“Triage”) is fair value as defined by AASB 13 *Fair Value Measurement*. As Triage resides in Canada, the Triage investment at 30 June 2023 and 30 June 2022 was valued by an accredited Canadian valuer using a discounted cash flow (“DCF”) model.

The DCF method is an income-based valuation technique where it views the collection of business assets as a stream of future earnings arising from its potential to generate revenue from its unique assembly of tangible and intangible operating assets. The fair market value of this earnings stream is determined by applying a weighted average cost of capital (“WACC”) to the debt free discretionary cash flow. The WACC includes a risk premium in addition to the risk-free interest rate to estimate the expected rate of return associated with forecast earnings.

After discounting the aggregate of the DCF and capitalised terminal year cash flow with the WACC results in the present value of cash flows.

The level 3 unobservable inputs include forecast earnings (including a long-term growth rate of 2% (2022 - 2%) and a WACC of 49.03% (2022 - 28.51%). The estimated fair value would increase (decrease) if the forecast earnings were higher (lower) or the WACC was (higher) lower.

Triage is an unaudited private company that continues to be a development Stage firm with marginal revenues and material operating losses through 30 June 2023. Accordingly, the forecasts and assumptions underlying the estimated fair value are subject to significant uncertainties which are often outside the control of the consolidated entity. In the event that forecasts and assumptions are not achieved, there exists a material uncertainty as to whether the fair valuation determined will be achieved and the carrying value of the investment will be recoverable. The financial statements do not include any adjustments relating to the recoverable value of the investment should the forecasts and assumptions used in the fair valuation not be achieved.

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**Advanced Health Intelligence Ltd
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Shareholder information
30 June 2023**

Note 41. Fair value measurement (continued)

Level 3 assets and liabilities

Movements in the level 3 Triage investment during the current and previous financial year are set out below:

	<u>Triage Investment</u>	<u>Total</u>
Consolidated	\$	\$

Balance at 1 July 2021	-	-
Additions	3,116,171	3,116,171
Fair value adjustment	<u>(551,089)</u>	<u>(551,089)</u>
Balance at 30 June 2022	2,565,082	2,565,082
Fair value adjustment	(1,807,829)	(1,807,829)
Foreign exchange movement	6,956	6,956
Balance at 30 June 2023	<u>764,209</u>	<u>764,209</u>