

1. Company details

Name of entity:	Advanced Health Intelligence Ltd (ASX:AHl; NASDAQ:AHl)
ACN:	602 111 115
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

Financial Results	Result \$	Increase / (Decrease) \$	Increase / (Decrease) %
Revenues from continuing activities	2,681,588	(108,849)	(4%)
Loss from continuing activities after tax attributable to members	(4,147,394)	(8,965,849)	(68.4%)
Net loss for the period attributable to members	(4,147,394)	(8,965,849)	(68.4%)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The unaudited loss for the consolidated entity after tax amounted to \$4,147,394 (30 June 2023: \$13,113,243) for the year ended 30 June 2024, which represents a major reduction in loss of 68.4%, when compared with 2023. There are two significant factors driving this reduction in loss and they are a fall in AHI's cost base as the year progressed, which has picked up pace since year end and a material recovery in the fair value of the valuation of its largest investment, which has allowed AHI to reverse prior year's impairment in valuation.

3. Net tangible assets

Net Tangible Asset Backing	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(1.788)</u>	<u>(1.050)</u>

4. Control gained over entities

Name of entities (or group of entities)	Vertica Health Pty Ltd – 100% controlled (<i>South African registered</i>) Wellteq Digital Health Inc group of entities – 100% controlled Body Composition Technologies Pte Limited - 53% controlled (<i>Singapore registered</i>)
Date control gained	Body Composition Technologies Pte Limited - 7 February 2024

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit opinion

Details of audit/review dispute or qualification (if any):

The attached unaudited preliminary financial report for the year ended 30 June 2024, which forms part of this Appendix 4E, is anticipated that the independent audit report will include an emphasis of matter for a material uncertainty relating to the entity's ability to continue as a going concern. We anticipate that the auditor's opinion will not be modified.


11. Financial report

Details of attachments (if any):

The following financial report included in this Appendix 4E does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and operating, financing and investing activities of the consolidated entity as the full financial report. The financial report should be read in conjunction with any public announcements made by Advanced Health Intelligence Ltd in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The accounting policies applied are the same as those noted in the most recent interim financial report and the previous annual report.

12. Signed

Signed  _____
Nick Prosser
Non-executive Chairman

Date: 31 August 2024

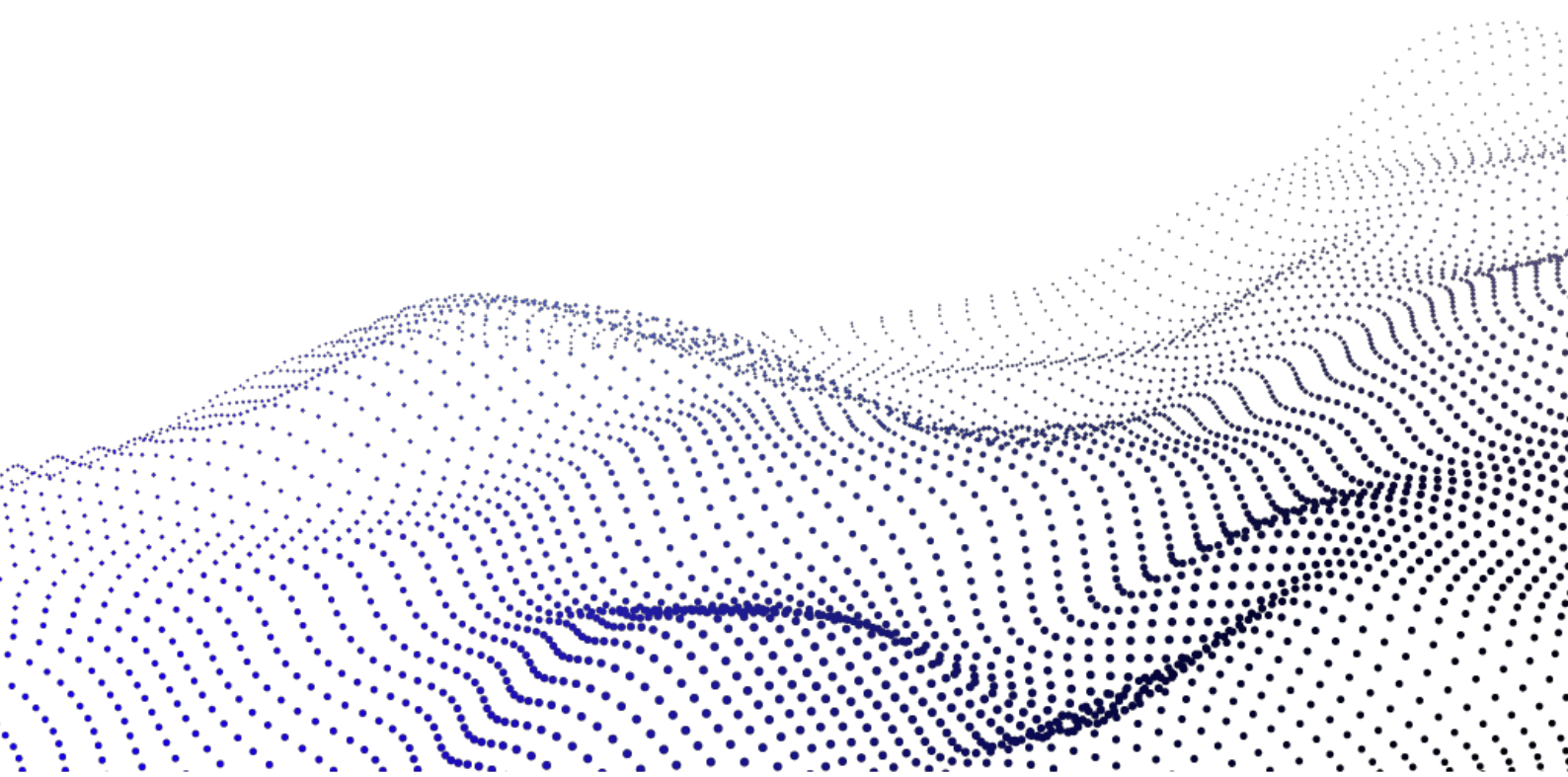


Advanced Health Intelligence Ltd
ACN 602 111 115

Preliminary Final Report

(Unaudited)

For the Year ended 30 June 2024



The Directors present this unaudited Preliminary Final Report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Advanced Health Intelligence Ltd (the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Principal activities

Advanced Health Intelligence Ltd (ASX:AH1 NASDAQ:AH1) 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 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.

AHI's key offerings include:

- Body dimension and composition assessments enabling the identification of obesity-related comorbidities such as diabetes;
- Blood biomarker prediction, inclusive of HbA1C, HDL, LDL, and 10-year mortality risk;
- Transdermal Optical Imaging, providing vital signs and cardiovascular disease risk estimates;
- On-device dermatological skin identification, capable of recognizing 588 skin conditions across 133 categories, including Melanoma; and
- 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.

AHI 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 AHI biometric health assessment used to identify chronic disease risk is 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.

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 analysing 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.

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.

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.

AHI believes that its 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 ("TOI") 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. 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.

Review of operations

AHI is pleased to report that it has incurred an unaudited loss after tax of \$4,147,394, when compared with the loss of \$13,113,243 after tax for 2023, which represents a significant fall in net loss after tax of 68.4% when compared with last year. There are two main factors which have driven this significant fall in loss, including a reduction in the consolidated entity's cost base as the year progressed and a significant improvement in the fair value of one of AHI's material investments, which has allowed AHI to recover previous year's impairments.

Cash assets at the end of the financial period were \$25,757 (2023: \$2,104,584). AHI is currently raising capital as mentioned below and previously announced to the ASX.

Operating activities

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

Revenue

The consolidated entity generated operating revenue of \$2,681,588 (2023 \$2,790,437) for the year ended 30 June 2024, an decrease of 4% on last year. Revenue from software income decreased by 75.2% on the prior comparative period from \$542,556 to \$134,354. Conversely integration and development income increased by 126.9% on 2023, rising from \$107,141 to \$234,075.

Capital Raising

Whilst AHI's securities remain suspended from trading on the ASX since year end, it is expected to regain trading on the ASX with an amount of \$4 million in new capital to be received in the near future, subject to ASX approval at that time. AHI is currently working with the ASX to achieve a return to trading status as soon as possible.

Strategic Investments / Acquisitions

Body Composition Technologies Pte Limited

On 7 February 2024, AHI increased its ownership in Singapore based Body Composition Technologies Pte Limited (BCT) from 50% to 53% by participating in a Rights Issue conducted by BCT, resulting in BCT becoming a partly owned member of the AHI Group of companies from that date.

Product Development

Biometric Health Assessment

The Company 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 analysing 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. As the methodology and data convergence used by developed by AHI is proprietary, AHI cannot share exact metrics used however, the broad process is as follows.

- (1) **Face Scan:** 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

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.

NASDAQ Shareholders' Equity Notification Letter

On 8 November 2023 AHI received a deficiency notification letter from the Listing Qualifications staff of the Nasdaq Stock Market LLC indicating that the Company is not in compliance with the Nasdaq Listing Rule to maintain a minimum of USD\$2,500,000 in net shareholders' equity.

On 12 March 2024 AHI received a further letter from the Nasdaq Listing Qualification advising that AHI was granted an extension of time to 6 May 2024 to lodge its plan to regain compliance with the said Nasdaq Listing Rule.

Following the required lodgement with Nasdaq, AHI was granted a hearing with the Nasdaq Hearings panel on 20 June 2024 to discuss its plan for re-compliance with the Nasdaq Listing Rule.

On 1 August 2024 AHI received a further letter from Nasdaq advising that the Nasdaq Hearings panel had determined to delist AHI from Nasdaq with effect from 30 July 2024.

On 23 August 2024 AHI paid the required Nasdaq fee and lodged a revised appeal, based on an unaudited improvement in its Balance Sheet, which is expected to see a further recovery in AHI's net equity position with the receipt of new capital into

AHI in September 2024 and further fund raising activity as disclosed to the market in the funding package announced to the market on 15 April 2024. AHI is awaiting Nasdaq's assessment of its revised appeal. It is important to note that Nasdaq's decision only affects AHI's secondary listing on Nasdaq and does not impact its primary listing on the ASX.

Company Overview

AHI, with the Board's support, continued to grow its partner base and expand its IP footprint and technology offering throughout 2023/24.

AHI has a deep understanding of the complexities of health and care systems, and the global appetite for convergence and interoperability of systems and the data they need to share, which is not only required by but needed to reduce cost, scale care, and remotely deliver for the overloaded health and care providers around the world.

Advanced Health Intelligence (AHI) delivers scalable health assessment, risk stratification and digital triage capabilities to healthcare providers, insurers, employers, and government agencies worldwide via our proprietary technology and processes.

Since 2014, AHI has been delivering Health-tech innovation via a smartphone, starting with the world's first on-device body dimensioning capability. AHI has developed a patented technology, showcasing the next frontier in digitising healthcare with a suite of componentised solutions, culminating in:

- Body dimension and composition assessment to identify the comorbidities of obesity, such as diabetes risk estimates.
- Blood biomarker prediction, including HbA1C, HDL, LDL, and 10-year mortality risk.
- Transdermal Optical Imaging is used to return vital signs and provide risk estimates for cardiovascular disease.
- On-device dermatological skin identification across 588 skin conditions across 133 categories (Inc. Melanoma);
- Atrial Fibrillation technology enabling the detection of Atrial Fibrillation (Afib) using a mobile device, allowing for early identification and monitoring of this common heart condition through a simple, non-invasive, and user-friendly smartphone-based solution. and
- Assisting partners in delivering personalised therapeutic and non-therapeutic health coaching to improve daily habits and build health literacy.

Our world-class team of subject matter experts in machine learning, AI, computer vision, and medically trained data scientists ensure that AHI's technology is at the forefront of innovation and the needs of our consumers.

With a focus on impact at scale, AHI is proud to showcase this milestone in digital healthcare transformation, delivering a biometrically derived triage solution accessible on and via a smartphone. With these advanced technologies, AHI helps its partners identify risks across their consumers and triage them into right-care pathways for proactive health management at a population scale.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

Other than what is described elsewhere in this financial report, there has been no other matter or circumstance that has arisen since 30 June 2024 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.

Advanced Health Intelligence Ltd
Unaudited statement of profit or loss and other comprehensive income
For the year ended 30 June 2024



		Consolidated	
	Note	30 June 2024	30 June 2023
		\$	\$
Revenue			
Software income	4	134,354	542,556
Integration and development income		234,075	107,141
Operating revenue		<u>368,429</u>	<u>649,697</u>
Other revenue		<u>2,313,159</u>	<u>2,140,740</u>
Total revenue		<u>2,681,588</u>	<u>2,790,437</u>
Expenses			
General administration	5	(2,018,635)	(3,205,408)
Employee expenses	6	(6,372,981)	(5,862,699)
Sales and marketing		(1,476,276)	(910,399)
Depreciation and amortisation expense		(358,214)	(312,558)
Impairment of assets and receivables	7	5,375,207	(475,785)
Fair value adjustment – Triage		-	(1,807,829)
Lease expense – Low value assets		(2,472)	-
Unrealised currency gains/(losses)		-	39,672
Subscription costs		(361,590)	(469,903)
Insurance		(1,119,574)	(1,825,428)
Cloud infrastructure costs		(33,304)	(563,991)
Total expenses		<u>(6,367,839)</u>	<u>(15,394,328)</u>
Operating loss		(3,686,251)	(12,603,891)
Finance income		227,306	254,392
Finance costs		(688,449)	(477,678)
Net finance income / (costs)		<u>(461,143)</u>	<u>(223,286)</u>
Loss before income tax		(4,147,394)	(12,827,177)
Income tax benefit		-	-
Net loss for the year after tax attributable to members		(4,147,394)	(12,827,177)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		-	(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		<u>(4,147,394)</u>	<u>(13,110,450)</u>

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

		Consolidated	
	Note	30 June 2024 \$	30 June 2023 \$
Assets			
Current assets			
Cash and cash equivalents	9	25,757	2,104,584
Trade and other receivables	10	369,347	311,912
Prepayments	11	212,477	834,281
Total current assets		<u>607,581</u>	<u>3,250,777</u>
Non-current assets			
Other financial assets	12	286,916	829,694
Right-of-use assets	13	280,427	360,455
Property, plant, and equipment	14	83,227	152,486
Investments	16	6,108,695	-
Intangibles	15	7,835,931	4,313,710
Total non-current assets		<u>14,594,531</u>	<u>5,656,345</u>
Total assets		<u>15,202,112</u>	<u>8,907,122</u>
Liabilities			
Current liabilities			
Trade and other payables	17	7,555,145	3,467,554
Borrowings		400,000	-
Lease liabilities	19	74,257	65,182
Employee benefits	18	639,464	628,713
Other current liabilities	20	583,388	432,464
		<u>9,252,254</u>	<u>4,593,913</u>
Interest bearing borrowings		249,200	1,433,172
Total current liabilities		<u>9,501,454</u>	<u>6,027,085</u>
Non-current liabilities			
Lease liabilities	19	230,825	305,082
Employee benefits	18	43,056	200,277
Other non-current liabilities		656,928	346,796
Borrowings		1,489,695	-
Total non-current liabilities		<u>2,420,504</u>	<u>852,155</u>
Total liabilities		<u>11,921,958</u>	<u>6,879,240</u>
Net assets		<u>3,280,154</u>	<u>2,027,882</u>
Equity			
Issued capital	21	79,534,139	76,008,621
Reserves	22	1,667,698	1,318,257
Minority interest		1,527,500	
Accumulated losses		<u>(79,449,183)</u>	<u>(75,298,996)</u>
Total equity		<u>3,280,154</u>	<u>2,027,882</u>

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

Advanced Health Intelligence Ltd
Unaudited statement of changes in equity
For the year ended 30 June 2024



Consolidated	Issued capital \$	Equity remuneration reserve \$	Foreign currency translation Reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	61,822,859	9,338,100	-	(62,605,572)	8,555,387
Loss after income tax benefit 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)
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	76,008,621	1,601,530	(283,273)	(75,298,996)	2,027,882

Consolidated	Issued capital \$	Equity remuneration Reserve \$	Foreign currency translation, options & convertible note Reserves \$	Accumulated Losses & Minority interest \$	Total equity \$
Balance at 1 July 2023	76,008,621	1,601,530	(283,273)	(75,298,996)	2,027,882
Loss after income tax benefit for the year	-	-	-	(4,147,394)	(4,147,394)
Other comprehensive income for the year, net of tax	-	-	-	(2,793)	(2,793)
Total comprehensive income for the year	-	-	-	(2,793)	(2,793)
Shares placement	2,551,327	-	-	-	2,551,327
Shares issued to related party	220,000	-	-	-	220,000
Movement in reserves	-	-	366,462	-	366,462
Share based payments	-	1,365,021	-	-	1,365,021
Shares issued to service providers	686,536	-	-	-	686,536
Performance rights issued	-	(451,103)	-	-	(451,103)
Performance rights exercised	177,600	(177,600)	-	-	-
Equity portion of convertible notes	-	-	131,538	-	131,538
Valuation change of share based payment	-	(12,144)	-	-	(12,144)
Minority interest – Body Composition Technologies Pte Ltd	-	-	-	1,527,500	1,527,500
Reverse warrant based payments	-	(149,918)	-	-	(149,918)
Lapse of options	-	(722,814)	-	-	(722,814)
Less share issue costs	(109,945)	-	-	-	(109,945)
Balance at 30 June 2024	79,534,139	1,452,972	214,727	(77,921,683)	3,280,155

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

Advanced Health Intelligence Ltd
Unaudited statement of cash flows
For the year ended 30 June 2024



	Consolidated	
Note	30 June 2024	30 June 2023
	\$	\$
Cash flows from operating activities		
Receipts from customers	128,450	817,335
Research & Development tax incentive grant	2,308,375	2,031,623
Interest received	11,865	858
Interest and other costs of finance paid	(147,549)	(288,172)
Payments to suppliers and employees	<u>(7,047,864)</u>	<u>(9,928,828)</u>
Net cash used in operating activities	<u>(4,746,723)</u>	<u>(7,367,184)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(1,734)	(67,483)
Loans (to) / from related party	-	120,278
Loans to other entities	100,000	(1,000,000)
Cash acquired from acquisition of Investee companies	<u>(193,902)</u>	<u>277,944</u>
Net cash used in investing activities	<u>(95,636)</u>	<u>(669,261)</u>
Cash flows from financing activities		
Proceeds from issue of shares	2,790,949	5,000,000
Proceeds from borrowings	300,000	2,250,000
Proceeds from issue of convertible notes	1,500,000	1,975,424
Share issue transaction costs	(57,444)	(493,286)
Repayment of borrowings	-	(2,732,311)
Repayment of lease liabilities	-	(81,089)
Repayment of convertible notes	-	<u>(1,750,000)</u>
Net cash from financing activities	<u>2,783,002</u>	<u>4,168,738</u>
Net increase/(decrease) in cash and cash equivalents	(2,059,357)	(3,867,707)
Cash and cash equivalents at the beginning of the financial year	2,104,584	6,011,368
Effects of exchange rate changes on cash and cash equivalents	<u>(19,470)</u>	<u>(39,077)</u>
Cash and cash equivalents at the end of the financial year	9 <u><u>25,757</u></u>	<u><u>2,104,584</u></u>

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

Note 1. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of this Preliminary Annual Report to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated. This Preliminary Annual Report is for the Group consisting of Advanced Health Intelligence Ltd and its subsidiaries.

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 Preliminary Annual Report uses comparatives sourced from the Company's 2023 Annual Report. The Annual Report was issued on 22 September 2023.

Going concern

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

For the year ended 30 June 2024, the consolidated entity incurred an operating loss after tax of \$4,147,394 (2023- \$13,110,450), which was a 68.4% in operating loss after tax. Notwithstanding the fact the consolidated entity incurred an operating loss, it has a unaudited net asset amount of \$3,280,154 (2023 - \$2,027,882) and has a net cash outflow from operating activities amounting to \$4,746,723 (2023- \$7,367,184), the Directors are of the opinion that the consolidated entity is a going concern for the following reasons:

- As announced on 15 April 2024, AHI announced a planned AUD\$15 million funding package. Whilst AHI has experienced some delays in executing this package, AHI is confident that the first element of this package will be executed in the near future.
- AHI is expecting a material uplift in its operating revenue, as its various commercial partners begin to commercialise its suite of products, with AHI software embedded in those products, which will drive future revenue.
- Directors will consider a Rights Issue if they consider that it is necessary.
- A suite of major announcements focused on the MENA region, have been announced over the last year, which has involved AHI establishing a group of entities in that region that it is planning to engage with to further spread the impact of its ground breaking technology.

The consolidated entity's ability to continue as a going concern and meet future working capital requirements is dependent on the above points being realised. Should the consolidated entity not be successful in generating the required cash flows, there is a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern. There have been no adjustments to the preliminary financial statements to reflect the material uncertainty.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of these preliminary 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.

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.

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.

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

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 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.

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.

Management have considered whether any impairment considerations exist with respect to the acquired intangible assets.

Note 4. Software income

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Software development kits - per user	292	35,495
Software development kits - per scan	26,387	2,353
Software subscriptions	107,675	504,708
	<u>134,354</u>	<u>542,556</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 5. General administration

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Consulting & advisory	2,002,976	1,230,098
Corporate expenses	390,793	452,893
Telecommunications & IT	167,276	237,390
General & administrative expenses	(42,720)	167,577
Outsourced development costs	22,279	25,287
Travel costs	439,033	447,819
Unrealised foreign exchange (gain)/loss	(1,411,706)	2,793
ASX and listing fees	277,822	364,505
Other expenses	65,827	64,581
NASDAQ listing expenses	107,055	97,658
Consulting & advisory – share based payments	-	117,600
	<u>2,018,635</u>	<u>3,205,408</u>

Note 6. Employee expenses

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Salaries and wages	4,744,196	5,327,193
Superannuation contributions	383,619	489,507
Share based payments	971,855	105,000
Employment taxes and insurances	228,855	(142,380)
Other employment expenses	44,456	83,379
	<u>6,372,981</u>	<u>5,862,699</u>

Note 7. Provision for impairment expense

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Jana Care Inc	76,742	200,729
Bearn Inc	(6,385)	3,868
Body Composition Technologies Pte Ltd – write back impairment of IP	(1,730,885)	26,188
Triage Technologies Inc. – write back impairment of Investment	(3,714,679)	
Wellteq intangibles acquired through business combination	-	245,000
	<u>(5,375,207)</u>	<u>475,785</u>

The provisions for impairment for Jana Care Inc and Bearn Inc 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. On 7 February 2024, the consolidated entity increased its equity share in Singapore registered Body Composition Technologies Pte Limited to 53% meaning that its has now been consolidated by the consolidated entity.

Note 8. Dividends

There were no dividends paid, recommended, or declared during the financial years ended 30 June 2024 and 30 June 2023. The Company has no franking credits available as at 30 June 2024 and 30 June 2023.

Note 9. Cash and cash equivalents

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Cash at bank ¹	<u>25,757</u>	<u>2,104,584</u>

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

Note 10. Trade and other receivables

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Trade receivables	138,690	401,358
Less: Provision for doubtful debts	-	(235,357)
	<u>138,690</u>	<u>166,001</u>
GST Receivable	230,657	145,911
	<u>369,347</u>	<u>311,912</u>

Note 11. Prepayments

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Prepaid insurance	212,477	834,281
	<u>212,477</u>	<u>834,281</u>

Note 12. Other financial assets

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Investment in Triage – at fair value through profit and loss	-	764,209
Security deposits	62,089	65,485
	<u>62,089</u>	<u>829,694</u>

Note 13. Right-of-use assets

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Land and buildings - right-of-use	400,140	105,597
Less: Accumulated depreciation	<u>(119,713)</u>	<u>(70,398)</u>
	<u>280,427</u>	<u>35,199</u>

Note 14. Property, plant, and equipment

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Leasehold improvements - at cost	55,735	55,735
Less: Accumulated depreciation	<u>(55,735)</u>	<u>(55,735)</u>
	-	-
Office equipment - at cost	585,040	431,058
Less: Accumulated depreciation	<u>(501,813)</u>	<u>(278,572)</u>
	<u>83,227</u>	<u>152,486</u>
	<u>83,227</u>	<u>152,486</u>

Reconciliations

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

Consolidated	Office equipment \$	Leasehold improvements \$	Total \$
Balance at 1 July 2023	152,486	-	152,486
Additions	-	-	-
Net additions through business combinations (Note 4)	-	-	-
Depreciation expense	(69,259)	-	(69,259)
Balance at 30 June 2024	<u>83,227</u>	<u>-</u>	<u>83,227</u>

Note 15. Intangibles

	Consolidated	
	30 June 2024 \$	30 June 2023 \$
Goodwill	4,099,565	3,210,161
Licence IP	3,250,000	-
Customer relationships	158,000	158,000
Less: Impairment	(158,000)	(158,000)
	<u>-</u>	<u>-</u>
In-process R&D software	-	374,000
Brand	87,000	87,000
Less: Impairment	(87,000)	(87,000)
	<u>-</u>	<u>-</u>
Application development	1,972,994	1,972,994
Less: Accumulated amortisation	(1,486,628)	(1,243,445)
	<u>486,366</u>	<u>729,549</u>
	<u>7,835,931</u>	<u>4,313,710</u>

Impairment testing

Goodwill acquired through business combinations of Wellteq, Vertica and Body Composition Technologies have been allocated to a single cash-generating unit at the Group level.

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:

Note 16. Investments

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 for some of AHI's smaller investments, AHI has elected to continue with provisions for impairment against each of its investments, as shown in the table below. When AHI can make a more accurate determination of recoverable value, as it has with its investment in Triage Technologies Inc. at 30 June 2024, which is now fair valued at \$5,548,246 (2023 \$764,209). AHI will continue to re-assess whether a provision for impairment is still required for its investments in the future, which are currently impaired.

Note 17. Trade and other payables

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Trade payables	5,619,996	2,810,643
Accrued Expenses	1,644,972	405,015
Employment related payables	290,177	251,896
	<u>7,555,145</u>	<u>3,467,554</u>

Note 18. Employee benefits

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Current		
Annual leave	486,192	628,713
Long service leave	153,272	-
	<u>639,464</u>	<u>628,713</u>
Non-current		
Long service leave	<u>43,056</u>	<u>181,376</u>

Note 19. Lease liabilities

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Current liability	74,257	65,182
Non-current liability	230,825	305,082
	<u>305,082</u>	<u>370,264¹</u>

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.

Note 20. Other current liabilities

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Deferred revenue	-	59,589
Deferred acquisition consideration	583,388	372,875
	<u>583,388</u>	<u>432,464</u>

Note 21. 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.

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 not limit to the authorised share capital of the Company. There are no externally imposed capital requirements.

	Consolidated			
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	Shares	Shares	\$	\$
Issued capital - ordinary shares	<u>254,802,640</u>	<u>217,703,969</u>	<u>79,534,139</u>	<u>76,008,621</u>
Issued share capital	<u>254,802,640</u>	<u>217,703,969</u>	<u>79,534,139</u>	<u>76,008,621</u>

	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	Shares	Shares	\$	\$
Share movements during the period - ordinary shares				
At the start of the period	217,703,969	166,749,382	76,008,621	61,822,859
Share placement	26,618,375	20,000,000	2,551,327	5,000,000
Shares issued on exercise of Performance rights	1,450,000	10,500,000	177,600	8,410,200
Shares issued to related party	2,000,000	-	220,000	-
Share issue - Vertica acquisition	-	1,500,000	-	180,000
Share issue - Wellteq acquisition	-	17,804,587	-	1,673,631
Shares issued to service providers	7,030,296	1,150,000	686,536	117,600
Less share issue costs	-	-	(109,945)	(1,195,669)
	<u>254,802,640</u>	<u>217,703,969</u>	<u>79,534,139</u>	<u>76,008,621</u>

Note 22. Reserves

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Equity Remuneration Reserve	1,452,972	1,601,530
Foreign currency reserve	105,294	(283,273)
Options reserve	(22,105)	-
Convertible note reserve	131,538	-
	<u>1,667,699</u>	<u>1,318,257</u>

Equity compensation 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.

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. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Note 23. Events after the reporting period

Other than what is described elsewhere in this financial report, there has been no other matter or circumstance that has arisen since 30 June 2024 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.