



JAYEX HEALTHCARE LIMITED

ABN 15 119 122 477

APPENDIX 4D HALF YEAR REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2020

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Jayex Healthcare Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: Jayex Healthcare Limited
ABN: 15 119 122 477
Reporting period: For the half-year ended 30 June 2020
Previous period: For the half-year ended 30 June 2019

2. Results for announcement to the market

| | | | \$'000 |
|--|------|----------|---------------|
| Revenues from ordinary activities | down | 0.2% to | 4,058 |
| Loss from ordinary activities after tax attributable to the owners of Jayex Healthcare Limited | down | 80.3% to | (105) |
| Loss for the half-year attributable to the owners of Jayex Healthcare Limited | down | 80.3% to | (105) |

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$105,000 (30 June 2019: \$532,000).

For a brief explanation of the any of the figures reported above, please refer to the financial report for the half-year ended 30 June 2019 released with this document.

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|---------------------------------------|--------------------------------------|
| Net tangible assets per ordinary security | <u>(3.28)</u> | <u>(2.72)</u> |

4. Control gained over entities

Not applicable.

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.

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Half-year report

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 qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Financial Report for the half-year ended.

11. Attachments

Details of attachments (if any):

The Financial Report for the half-year ended of Jayex Healthcare Limited for the half-year ended 30 June 2020 is attached.

12. Signed

Signed  _____

Michael Boyd
Chairman

Date: 27 August 2020

Jayex Healthcare Limited

ABN 15 119 122 477

Financial Report for the half-year ended - 30 June 2020

Jayex Healthcare Limited

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30 June 2020

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Jayex Healthcare Limited
Directors' report
30 June 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Jayex Healthcare Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2020.

Directors

The following persons were directors of Jayex Healthcare Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Michael Boyd (Chairman)
Brian Renwick (Non-Executive Director)
Michael Chan (Non-Executive Director)

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$105,000 (30 June 2019: \$532,000).

Executing on growth strategy

The Company has successfully achieved its growth targets in the first half of 2020 despite unprecedented trading conditions due to COVID-19. Improvements from our restructuring program announced in 2017 are now being realised as we see our SaaS Jayex Connect platform rolled out and a pipeline of innovation taking us to the next phase of growth. The key achievements for the half include:

- Company remains stable despite COVID-19 conditions;
- Cash flow positive for first two quarters of FY20 to 30 June;
- Revenue stable at \$4.1m (\$4.066m 1H19);
- Cost alignment due to restructure and as a result we saw continued improvements in the margins and profitability of the company compared with prior periods;
- Rollout of Jayex Connect platform with revenue from SaaS making up 26% of total revenue;
- Company now has 959 customers using the Jayex Connect platform, up 47% from last year;
- Successful launch of new products as we pursue strategy to expand SaaS module via innovating new products, increasing products per customer and ultimately increasing revenue per customer;
- Launched and commercially sold Jayex mobile check-in capability ahead of planned roadmap timetable;
- License agreement entered with Lifespot Health, technologies enable patients to monitor chronic disease and critical conditions with mobile devices, market valued at \$12 billion;
- Jayex Technology Limited received £600,000 (\$1.01m AUD) in UK government support due to COVID-19;
- Appointment solutions performing well in Australia and piolet entered into with NHS;
- Binding term sheet entered into with LYPHE Group to establish a Joint Venture to develop and run a healthcare platform for the Medicinal Cannabis healthcare market based on the Jayex Connect platform.

Half Year Performance Summary

COVID-19 has created unparalleled trading conditions globally. Despite this, Jayex has continued to weather the storm given our role in the day to day functioning of healthcare systems.

Our Appointment offering has provided important solutions to customers in Australia and we have seen strong growth in revenue this half. In March, we saw the second largest month ever for Appointment SMS traffic and in addition, Appointment was able to provide customers with an important Telehealth workflow that has been proven to be vital during the COVID-19 pandemic.

Additionally, Jayex has secured a piolet project for the NHS that will incorporate its Appointment capability. The project will be in partnership with Jayex's re-seller in Scotland. The Appointment solution will support patient triaging and appointment making for an NHS service.

Jayex Healthcare Limited
Directors' report
30 June 2020

Phase II of the Jayex Connect Platform development commenced in 2020 and the platform is growing from strength to strength. The platform now provides appointment booking, patient calling, patient check-in, health messaging and script management. We are seeing existing Jayex customers transitioning to the new platform, new customers taking it up as well as increasing our capability offering to existing and new customers. Jayex now has 959 customers using the platform up 47% from last year.

Central to our growth strategy is increasing our products per customer and adding new products to our platform and as a result, we are focused on innovation. During the half we launched a new module, web-mobile check-in. This module enables you to efficiently check-in from your mobile device which supports social distancing behaviour, helps to reduce queues and reduces congestion in waiting rooms. We are really pleased with the rate of take-up of this product, it has been well received by our customers (healthcare providers) and patients under the current COVID-19 constraints. Pleasingly the product has been sold ahead of the planned roadmap timetable.

During the quarter we have also been installing our Queue Management System (QMS) in both Australia and the UK. In Australia, we installed the system at the North Sydney Local Health District and it was the first project completed in Australia with the Jayex/Cerner partnership. Additionally, Jayex UK delivered a QMS in a state-of-the-art new build project located in the Alfred Barrow Health centre in Barrow-in-Furness, Cumbria, England. QMS integrates community and primary care services, focusing on helping people stay healthy within the local community.

We are moving closer to commercialising Whakaora Hou Ltd, our New Zealand based asset. Mr Jeremy Kannermeyer was appointed during the half and he will drive the development of the asset. The next step is to apply for a cultivation license in medicinal cannabis in New Zealand.

New Opportunities

Remote Patient Monitoring (RPM) presents a tremendous growth opportunity for us. In June this year, we entered into a Software Licence Agreement with Lifespot Health Ltd for technologies which allow patients to monitor chronic disease and critical conditions with their mobile device. The data can be shared in real-time with healthcare professionals allowing for conditions such as chronic diseases, post-operative recovery and COVID-19 to be monitored remotely.

We have valued the “home care” or “RPM” market in the UK, Australia and New Zealand at \$12 billion. The agreement between Lifespot and Jayex will focus on providing services to meet this demand.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations are as follows:

2019 was fundamental in laying the right foundations to successfully move to a SaaS model and grow our products per customer. We have successfully begun rolling out new products such as mobile check-in capability as well as continuing to develop new products in the pipeline. We expect SaaS recurring revenue to double as additional solutions are rolled out and existing/new customers take up new products.

The company is well placed to weather the COVID-19 storm given the inherent benefits of the healthcare sector (during this time) and also the government support we have benefited from has ensured the company is in a favourable cash positive position. We are set for growth across three regions with financial stability.

Significant changes in the state of affairs

Chief Executive Officer Nick Fernando resigned from the Company, effective July 2020. Following this, the Remuneration and Nomination Committee undertook a review of remuneration for the Executive Chair and Non-Executive Directors of the Company. It has been agreed that the director's remuneration will be adjusted accordingly to reflect the required workload until such time as a new CEO is appointed to the Company.

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

Jayex Healthcare Limited
Directors' report
30 June 2020

Matters subsequent to the end of the financial half-year

COVID-19 pandemic has created unprecedented uncertainty in the economic environment that we operate within. Actual economic events and conditions in future may be materially different from those realised in during the half-year ended 30 June 2020 and projected for the balance of 2021 financial year. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further effects on the financial position of the Group. As at the date of the Financial Statements, an estimate of the future effects of the COVID-19 pandemic on the Groups financial performance and/or financial position cannot be made, as the impact will depend on the magnitude and duration of the economic downturn with the full range of monetary impacts unknown.

Subsequent to 30 June 2020, on 31 July 2020, the Jayex Healthcare Limited advised that it has entered into a Convertible Note Deed with major shareholder, Covenant Holdings (WA) Pty Ltd (Covenant), a company controlled by the Company's Executive Chairman Michael Boyd.

Covenant has advanced loans to the Company for general working capital purposes, totalling \$3,000,000. Pursuant to the Convertible Note Deed, the Company and Covenant have agreed to convert the debt owing under the loan to Covenant into Convertible Notes having a face value of \$1.00 per convertible note. The total number of securities proposed to be issued for placement is 3,000,000 with the proposed issue date of 10 September 2020. The placement is subject to shareholder approval.

No other matter or circumstance has arisen since 30 June 2020 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.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Boyd
Chairman

27 August 2020

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF JAYEX HEALTHCARE LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 30 June 2020 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



J.C. Luckins
Director

Melbourne, 27 August 2020

ACCOUNTANTS & ADVISORS

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Jayex Healthcare Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2020

| | Note | Consolidated 30 June 2020 \$'000 | 30 June 2019 \$'000 |
|---|------|--|------------------------|
| Revenue | 4 | 4,058 | 4,066 |
| Other income | | 44 | - |
| Expenses | | | |
| Raw materials and consumables used | | (794) | (683) |
| Employee benefits expense | | (2,015) | (2,259) |
| Professional services expenses | | (146) | (300) |
| Depreciation and amortisation expense | | (430) | (348) |
| Loss on disposal of assets | | - | (13) |
| Consultancy expenses | | (233) | (210) |
| Travel expenses | | (33) | (61) |
| Marketing expenses | | (68) | (139) |
| Net foreign exchange gain/(loss) | | (1) | 20 |
| Rental expense | | (6) | (65) |
| Other expenses | | (421) | (296) |
| Finance costs | | (152) | (221) |
| Loss before income tax (expense)/benefit | | (197) | (509) |
| Income tax (expense)/benefit | | 92 | (23) |
| Loss after income tax (expense)/benefit for the half-year attributable to the owners of Jayex Healthcare Limited | | (105) | (532) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | (357) | 26 |
| Other comprehensive income for the half-year, net of tax | | (357) | 26 |
| Total comprehensive income for the half-year attributable to the owners of Jayex Healthcare Limited | | (462) | (506) |
| | | Cents | Cents |
| Basic earnings per share | 11 | (0.06) | (0.32) |
| Diluted earnings per share | 11 | (0.06) | (0.32) |

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

Jayex Healthcare Limited
Consolidated statement of financial position
As at 30 June 2020

| | | Consolidated | |
|--------------------------------------|-------------|---------------------|--------------------|
| | Note | 30 June 2020 | 31 December |
| | | \$'000 | 2019 |
| | | | \$'000 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 1,331 | 281 |
| Trade and other receivables | | 1,719 | 2,239 |
| Inventories | | 454 | 347 |
| Other | | 57 | 57 |
| Total current assets | | <u>3,561</u> | <u>2,924</u> |
| Non-current assets | | | |
| Receivables | | 53 | 54 |
| Property, plant and equipment | | 209 | 229 |
| Right-of-use assets | 5 | 158 | 236 |
| Intangibles | 6 | <u>9,502</u> | <u>10,092</u> |
| Total non-current assets | | <u>9,922</u> | <u>10,611</u> |
| Total assets | | <u>13,483</u> | <u>13,535</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 2,163 | 1,992 |
| Borrowings | | - | 797 |
| Lease liabilities | 7 | 130 | 155 |
| Employee benefits | | 131 | 72 |
| Provisions | | 260 | 291 |
| Contract liabilities | | <u>1,838</u> | <u>1,788</u> |
| Total current liabilities | | <u>4,522</u> | <u>5,095</u> |
| Non-current liabilities | | | |
| Borrowings | | 4,688 | 3,539 |
| Lease liabilities | 8 | 38 | 90 |
| Deferred tax | | 518 | 636 |
| Employee benefits | | 18 | 14 |
| Total non-current liabilities | | <u>5,262</u> | <u>4,279</u> |
| Total liabilities | | <u>9,784</u> | <u>9,374</u> |
| Net assets | | <u>3,699</u> | <u>4,161</u> |
| Equity | | | |
| Issued capital | 9 | 26,187 | 26,166 |
| Reserves | | (1,826) | (1,448) |
| Accumulated losses | | <u>(20,662)</u> | <u>(20,557)</u> |
| Total equity | | <u>3,699</u> | <u>4,161</u> |

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

Jayex Healthcare Limited
Consolidated statement of changes in equity
For the half-year ended 30 June 2020

| Consolidated | Issued capital \$'000 | Share based payments reserve \$'000 | Foreign exchange reserve \$'000 | Accumulated losses \$'000 | Total equity \$'000 |
|--|----------------------------------|--|--|--------------------------------------|--------------------------------|
| Balance at 1 January 2019 | 25,996 | 118 | (1,842) | (19,597) | 4,675 |
| Loss after income tax expense for the half-year | - | - | - | (532) | (532) |
| Other comprehensive income for the half-year, net of tax | - | - | 26 | - | 26 |
| Total comprehensive income for the half-year | - | - | 26 | (532) | (506) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Contributions of equity, net of transaction costs | 170 | - | - | - | 170 |
| Share-based payments | - | 132 | - | - | 132 |
| Balance at 30 June 2019 | <u>26,166</u> | <u>250</u> | <u>(1,816)</u> | <u>(20,129)</u> | <u>4,471</u> |
| Consolidated | Issued capital \$'000 | Share based payments reserve \$'000 | Foreign exchange reserve \$'000 | Accumulated losses \$'000 | Total equity \$'000 |
| Balance at 1 January 2020 | 26,166 | 21 | (1,469) | (20,557) | 4,161 |
| Loss after income tax benefit for the half-year | - | - | - | (105) | (105) |
| Other comprehensive income for the half-year, net of tax | - | - | (357) | - | (357) |
| Total comprehensive income for the half-year | - | - | (357) | (105) | (462) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Exercise of options | 21 | (21) | - | - | - |
| Balance at 30 June 2020 | <u>26,187</u> | <u>-</u> | <u>(1,826)</u> | <u>(20,662)</u> | <u>3,699</u> |

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

Jayex Healthcare Limited
Consolidated statement of cash flows
For the half-year ended 30 June 2020

| | Note | Consolidated | |
|---|-------------|---------------------|---------------------|
| | | 30 June 2020 | 30 June 2019 |
| | | \$'000 | \$'000 |
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 5,010 | 4,517 |
| Payments to suppliers and employees (inclusive of GST) | | (4,013) | (3,955) |
| | | <u>997</u> | <u>562</u> |
| Interest and other finance costs paid | | (507) | (151) |
| | | <u>490</u> | <u>411</u> |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (1) | (107) |
| Payments for intangibles | 6 | (107) | (297) |
| Proceeds from disposal of fixed assets | | - | 7 |
| | | <u>(108)</u> | <u>(397)</u> |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 745 | 211 |
| Repayment of lease liabilities | | (83) | (46) |
| | | <u>662</u> | <u>165</u> |
| Net cash from financing activities | | <u>662</u> | <u>165</u> |
| Net increase in cash and cash equivalents | | 1,044 | 179 |
| Cash and cash equivalents at the beginning of the financial half-year | | 281 | 418 |
| Effects of exchange rate changes on cash and cash equivalents | | 6 | 1 |
| | | <u>1,331</u> | <u>598</u> |
| Cash and cash equivalents at the end of the financial half-year | | <u><u>1,331</u></u> | <u><u>598</u></u> |

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

Jayex Healthcare Limited
Notes to the consolidated financial statements
30 June 2020

Note 1. General information

The financial statements cover Jayex Healthcare Limited as a consolidated entity consisting of Jayex Healthcare Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Jayex Healthcare Limited's functional and presentation currency.

Jayex Healthcare Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Principal place of business

Level 4, 100 Albert Road, South Melbourne, Victoria, 3205 17B Cribb Street, Milton, QLD, 4064

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 August 2020. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Going concern

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

The working capital position as at 30 June 2020 of the consolidated entity, as disclosed in the Statement of financial position, is an apparent excess of current liabilities over current assets of \$961,000 (31 December 2019: \$2,171,000). However, the current liabilities as at 30 June 2020 contain a number of liability accounts, including provision accounts and contract liabilities accounts, which represent the results of accounting adjustments and do not represent amounts payable, or likely to become payable, in cash to third parties. If these liability accounts are removed from the calculation of working capital at 30 June 2020, the adjusted working capital surplus is approximately \$1,137,000 (31 December 2019: adjusted working capital deficit \$92,000).

The cash balance at 30 June 2020 was \$1,331,000 (31 December 2019: \$281,000).

The consolidated entity incurred a net loss after tax for the half-year ended 30 June 2020 of \$105,000 (half-year ended 30 June 2019: \$532,000) and had net cash inflows from operating activities of \$490,000 (half-year ended 30 June 2019: \$411,000).

Note 2. Significant accounting policies (continued)

The impact of the COVID-19 pandemic has resulted in the group experiencing challenging and uncertain times. Actual economic events and conditions in future may be materially different from those estimated by the group at the reporting date. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further adverse impacts to the group. At the date of this report an estimate of the future effects of the COVID-19 pandemic on the group cannot be made, as the impact will depend on the magnitude and duration of the economic downturn, with the full range of possible effects unknown. Whilst the situation is evolving, the directors remain confident that the group will be able to continue as a going concern which assumes it will be able to continue trading and realise assets and discharge liabilities in the ordinary course of business for at least 12 months from the date of the consolidated financial statements.

The accounts have been prepared on the assumption that the company is a going concern for the following reasons:

- the consolidated entity's main product, the Enlighten system, remains viable and competitive, and is capable of further technical development and improvement and therefore remains an important source of profitable and cash-generating activity for the consolidated entity;
- the ability of the consolidated entity to scale back parts of its operations and reduce costs if required;
- the consolidated entity has a strong cash reserve position at report date;
- the consolidated entity is producing a net positive cash flow from operations;
- financial support has been consistently offered by related parties of the Directors, as can be noted in the event subsequent to report date in Note 10 on Convertible Notes;
- the Board is of the opinion that the consolidated entity has, or shall have access to, sufficient funds to meet the planned corporate activities and working capital requirements; and
- as the Company is an ASX-listed entity, the consolidated entity has the ability to raise additional funds if required.

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

New Accounting Standards and Interpretations adopted as at 1 January 2020

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.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments: Australia and United Kingdom (UK). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation), excluding capital-raising expenses and share-based payments. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

No changes to the policy above have occurred during the reporting period.

Intersegment transactions

Intersegment transactions were made at market rates. The Australian operating segment charges a management fee to the United Kingdom operating segment. Intersegment transactions are eliminated on consolidation.

Major customers

The consolidated entity does not have a major customer that contributes more than 10% or more to the consolidated entity's revenue.

Jayex Healthcare Limited
Notes to the consolidated financial statements
30 June 2020

Note 3. Operating segments (continued)

Operating segment information

| | Australia \$'000 | United Kingdom \$'000 | Total \$'000 |
|--|---------------------|-----------------------------|-----------------|
| Consolidated – June 2020 | | | |
| Revenue | | | |
| Sales to external customers | 442 | 3,616 | 4,058 |
| Total revenue | <u>442</u> | <u>3,616</u> | <u>4,058</u> |
| Other income | 44 | - | 44 |
| Segment operating expenses | (889) | (2,828) | (3,717) |
| EBITDA | (403) | 788 | 385 |
| Interest expense | | | (152) |
| Depreciation & amortisation expense | | | (430) |
| Profit/(loss) before income tax expense | | | <u>(197)</u> |
| | | | |
| Consolidated – June 2019 | | | |
| Revenue | | | |
| Sales to external customers | 590 | 3,476 | 4,066 |
| Total revenue | <u>590</u> | <u>3,476</u> | <u>4,066</u> |
| Other income | - | - | - |
| Segment operating expenses | (1,245) | (2,459) | (3,704) |
| EBITDA | (655) | 1,017 | 362 |
| Interest expense | | | (221) |
| Depreciation & amortisation expense | | | (348) |
| Share based payment expense | | | (302) |
| Profit/(loss) before income tax expense | | | <u>(509)</u> |
| | | | |
| Consolidated – June 2020 | | | |
| Current assets | 306 | 3,255 | 3,561 |
| Non-current assets | 1,686 | 8,236 | 9,922 |
| Total assets | <u>1,992</u> | <u>11,491</u> | <u>13,483</u> |
| | | | |
| Current liabilities | 651 | 4,944 | 5,595 |
| Non-current liabilities | 3,646 | 543 | 4,189 |
| Total liabilities | <u>4,297</u> | <u>5,487</u> | <u>9,784</u> |
| | | | |
| Consolidated – December 2019 | | | |
| Current assets | 956 | 1,968 | 2,924 |
| Non-current assets | 1,718 | 8,893 | 10,611 |
| Total assets | <u>2,674</u> | <u>10,861</u> | <u>13,535</u> |
| | | | |
| Current liabilities | 1,905 | 3,190 | 5,095 |
| Non-current liabilities | 3,587 | 692 | 4,279 |
| Total liabilities | <u>5,492</u> | <u>3,882</u> | <u>9,374</u> |

Jayex Healthcare Limited
Notes to the consolidated financial statements
30 June 2020

Note 4. Revenue

Sales revenue is revenue generated from the consolidated entity's healthcare industry service provision businesses.

For the half year ended 30 June 2020, revenue includes \$1,838,000 (2019: \$1,331,000) included in the contract liability balance at the beginning of the period.

| | Consolidated | |
|---|---------------------|---------------------|
| | 30 June 2020 | 30 June 2019 |
| | \$'000 | \$'000 |
| <i>Major product lines</i> | | |
| Supply and installation of kiosks (at a point of time) | 2,379 | 2,558 |
| Software licences and support services (over time) | 1,188 | 1,097 |
| Extended warranty (over time) | 313 | 294 |
| Software development customisation services (over time) | 130 | 8 |
| Software development supports services (over time) | 48 | 109 |
| | <u>4,058</u> | <u>4,066</u> |

Note 5. Non-current assets - right-of-use assets

| | Consolidated | |
|-----------------------------------|---------------------|-------------------------|
| | 30 June 2020 | 31 December 2019 |
| | \$'000 | \$'000 |
| Land and buildings - right-of-use | 363 | 363 |
| Less: Accumulated depreciation | <u>(205)</u> | <u>(127)</u> |
| | <u>158</u> | <u>236</u> |

The consolidated entity leases land and buildings for its offices and warehouses under agreements of between 2 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

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

| Consolidated | Land & buildings \$'000 | Total \$'000 |
|---------------------------|-------------------------------|-----------------|
| Balance at 1 January 2020 | 236 | 236 |
| Depreciation expense | <u>(78)</u> | <u>(78)</u> |
| Balance at 30 June 2020 | <u>158</u> | <u>158</u> |

Jayex Healthcare Limited
Notes to the consolidated financial statements
30 June 2020

Note 6. Non-current assets - intangibles

| | Consolidated | 31 December |
|---|---------------------|--------------------|
| | 30 June 2020 | 2019 |
| | \$'000 | \$'000 |
| Goodwill - at cost | 9,878 | 10,145 |
| Less: Impairment | <u>(4,085)</u> | <u>(4,085)</u> |
| | <u>5,793</u> | <u>6,060</u> |
| Development - at cost | <u>850</u> | <u>852</u> |
| Patents and trademarks - at cost | <u>586</u> | <u>586</u> |
| Software platform - at cost | 1,734 | 1,698 |
| Less: Accumulated amortisation - software | <u>(1,137)</u> | <u>(1,018)</u> |
| | <u>597</u> | <u>680</u> |
| Customer relationships - at cost | 3,219 | 3,361 |
| Less: Accumulated amortisation - Customer relationships | <u>(1,543)</u> | <u>(1,447)</u> |
| | <u>1,676</u> | <u>1,914</u> |
| | <u>9,502</u> | <u>10,092</u> |

Reconciliations

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

| Consolidated | Goodwill \$'000 | Patents & trademarks \$'000 | Software platform \$'000 | Customer relationships \$'000 | Development cost \$'000 | Total \$'000 |
|---------------------------|--------------------|-----------------------------------|--------------------------------|-------------------------------------|-------------------------------|-----------------|
| Balance at 1 January 2020 | 6,060 | 586 | 680 | 1,914 | 852 | 10,092 |
| Additions | - | - | 107 | - | - | 107 |
| Exchange differences | (267) | - | (19) | (74) | (2) | (362) |
| Amortisation expense | <u>-</u> | <u>-</u> | <u>(171)</u> | <u>(164)</u> | <u>-</u> | <u>(335)</u> |
| Balance at 30 June 2020 | <u>5,793</u> | <u>586</u> | <u>597</u> | <u>1,676</u> | <u>850</u> | <u>9,502</u> |

Patents & trademarks

The carrying value of patents & trademarks has been assessed on a fair value less costs to sell methodology. An independent valuation was obtained during the year ended 30 December 2019 which made several key assumptions about the potential sizes of the markets for the patents and trademarks, adoption rates and revenues and costs associated with transactions. The directors have re-considered the carrying value in reference to this report and believe that there have been no material changes to the assumption used that would result in impairment to the patents and trademarks.

Amortisation of the asset is to commence when the relevant technology is deemed to be ready for commercial use.

Note 7. Current liabilities - lease liabilities

| | Consolidated | 31 December |
|-----------------|---------------------|--------------------|
| | 30 June 2020 | 2019 |
| | \$'000 | \$'000 |
| Lease liability | <u>130</u> | <u>155</u> |

Jayex Healthcare Limited
Notes to the consolidated financial statements
30 June 2020

Note 8. Non-current liabilities - lease liabilities

| | Consolidated | |
|-----------------|---------------------|-------------------------|
| | 30 June 2020 | 31 December 2019 |
| | \$'000 | \$'000 |
| Lease liability | <u>38</u> | <u>90</u> |

Note 9. Equity - issued capital

| | Consolidated | | | |
|------------------------------|---------------------|-------------------------|---------------------|-------------------------|
| | 30 June 2020 | 31 December 2019 | 30 June 2020 | 31 December 2019 |
| | Shares | Shares | \$'000 | \$'000 |
| Ordinary shares - fully paid | <u>176,363,024</u> | <u>172,613,024</u> | <u>26,187</u> | <u>26,166</u> |

Movements in ordinary share capital

| Details | Date | Shares | Issue price | \$'000 |
|--|------------------|--------------------|--------------------|---------------|
| Balance | 1 January 2020 | 172,613,024 | | 26,166 |
| Issue of shares upon exercise of options | 28 February 2020 | 1,250,000 | \$0.00 | 7 |
| Issue of shares upon exercise of options | 4 March 2020 | <u>2,500,000</u> | \$0.00 | <u>14</u> |
| Balance | 30 June 2020 | <u>176,363,024</u> | | <u>26,187</u> |

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.

Share buy-back

There is no current on-market share buy-back.

Note 10. Events after the reporting period

COVID-19 pandemic has created unprecedented uncertainty in the economic environment that we operate within. Actual economic events and conditions in future may be materially different from those realised in during the half-year ended 30 June 2020 and projected for the balance of 2021 financial year. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further effects on the financial position of the Group. As at the date of the Financial Statements, an estimate of the future effects of the COVID-19 pandemic on the Groups financial performance and/or financial position cannot be made, as the impact will depend on the magnitude and duration of the economic downturn with the full range of monetary impacts unknown.

Jayex Healthcare Limited
Notes to the consolidated financial statements
30 June 2020

Note 10. Events after the reporting period (continued)

Subsequent to 30 June 2020, on 31 July 2020, the Jayex Healthcare Limited advised that it has entered into a Convertible Note Deed with major shareholder, Covenant Holdings (WA) Pty Ltd (Covenant), a company controlled by the Company's Executive Chairman Michael Boyd.

Covenant has advanced loans to the Company for general working capital purposes, totalling \$3,000,000. Pursuant to the Convertible Note Deed, the Company and Covenant have agreed to convert the debt owing under the loan to Covenant into Convertible Notes having a face value of \$1.00 per convertible note. The total number of securities proposed to be issued for placement is 3,000,000 with the proposed issue date of 10 September 2020. The placement is subject to shareholder approval.

No other matter or circumstance has arisen since 30 June 2020 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.

Note 11. Earnings per share

| | Consolidated | |
|---|---------------------|---------------------|
| | 30 June 2020 | 30 June 2019 |
| | \$'000 | \$'000 |
| Loss after income tax attributable to the owners of Jayex Healthcare Limited | <u>(105)</u> | <u>(532)</u> |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | <u>175,085,246</u> | <u>168,386,505</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>175,085,246</u> | <u>168,386,505</u> |
| | Cents | Cents |
| Basic earnings per share | (0.06) | (0.32) |
| Diluted earnings per share | (0.06) | (0.32) |

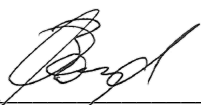
Jayex Healthcare Limited
Directors' declaration
30 June 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Boyd
Chairman

27 August 2020

Jayex Healthcare Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Jayex Healthcare Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Jayex Healthcare Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Other Matter

The financial report of the company for the year ended 31 December 2019 was audited by another auditor who expressed an unmodified opinion on the financial report on 24 March 2020.

Responsibilities of the Directors for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
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williambuck.com

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Jayex Healthcare Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.



William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136



J.C. Luckins

Director

Melbourne, 27 August 2020