



Uscom

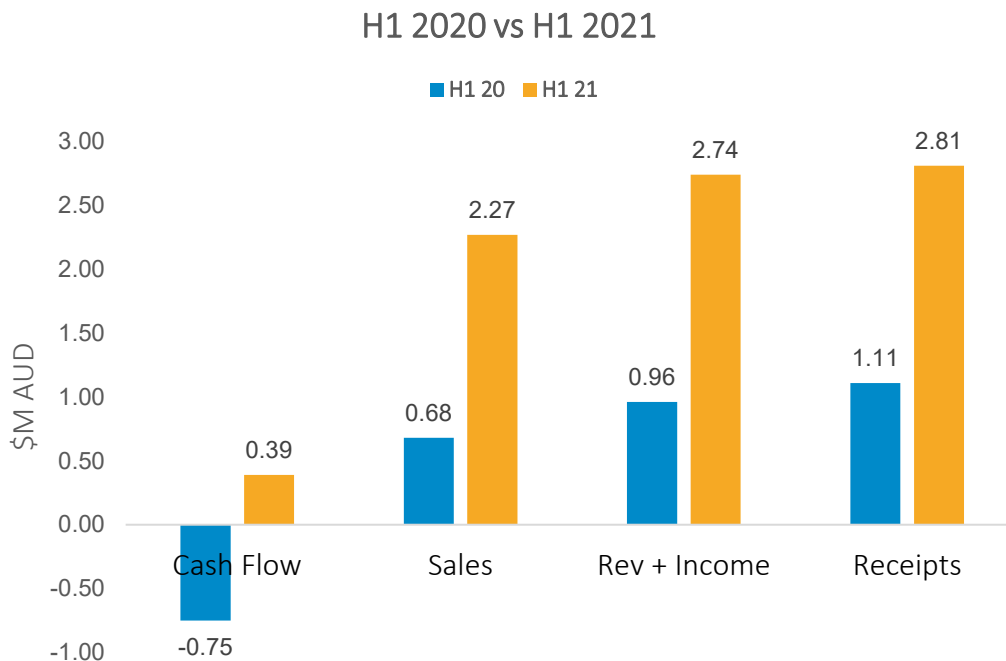
ASX Media Release

4D Half Yearly Report to 31 December 2020

Sales of goods \$2.27m – up 232%
Revenue and income \$2.74m – up 184%
Receipts from customers \$2.81m – up 153%
Net operating cash inflow \$0.39m from outflow of \$0.75m - up \$1.14m
CY20 revenue and income \$6.06m - up 94%
CY20 cash increased \$0.8m pa

SYDNEY, Australia, Wednesday 24th February 2021: Uscom Limited (ASX code: UCM) (the **Company** or **Uscom**) today released its Appendix 4D interim financial report and financial results for the half year ended 31 December 2020 (the Half or H1). The results disclosed in the attached Appendix 4D are in Australian dollars, calendar year is CY and prior corresponding period is pcg.

Highlights:



- Sale of goods \$2.27m **up 232%** from \$0.68m
- Revenue and income \$2.74m **up 184%** from \$0.96m
- Receipts from customers \$2.81m **up 153%** from \$1.11m
- Net operating cash inflow \$0.39m from outflow of \$0.75m, **up \$1.14m**
- CY20 revenue and income \$6.06m **up 94%** from \$3.12m
- CY20 cash increased \$0.8m pa to \$2.3m



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Report:

Uscom reported sale of goods for the half of \$2.27m up 232% from \$0.68m in the prior corresponding period (pcp), with revenue and income at \$2.74m up 184% from \$0.96 in the pcp, while receipts from customers totalled \$2.81m up 153% from \$1.11m in the pcp.

These results generated a net operating cash inflow of \$0.39m for the half compared to a net operating cash outflow of \$0.75m in the pcp, taking the Company's cash balance at the end of the period to \$2.3m up \$0.8m on the balance at 31st December 2019. For H1 operating expenses were up 7% to \$2.60m, while the entity lost \$270k. However, excluding foreign exchange losses of \$193k CY20 was profitable for the full year.

CY20 revenue and income was \$6.06m up 94% from \$3.12m in CY19.

Commentary:

Uscom Executive Chairman, Professor Rob Phillips said *"A 232% growth in sales for H1 maintains our 8-year growth trend and takes our CY20 revenue to in excess of \$6m with cash on hand increased \$0.8m for the year to \$2.3m. Building a real value asset requires sales, and these results demonstrate the strength of our expanding distribution network with both Uscom China and Uscom Europe returning profit in H1. While continuing to strongly grow fundamentals and accumulate cash, we have invested in the expansion of international operations, established new subsidiaries and finalised multiple international regulatory approvals. These results validate our strategy as we build the foundations for rapid revenue growth and increasing shareholder value as the cascade of new regulatory approvals for China, Europe and the US are achieved over the next year. Although international markets remain unpredictable, we are optimistic that our new international approvals will generate continued growth as our new products are fed into expanding international distribution network."*

Uscom manufactures and markets the **USCOM 1A**, the Uscom **BP+**, and the Uscom **SpiroSonic** digital ultrasonic spirometry technologies and the **VENTITEST** and **VENTITEST-S** ultrasonic ventilator testing devices for optimising respiratory device performance.



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About Uscom

Uscom Limited (UCM): An ASX listed innovative medical technology company specialising in development and marketing of premium non-invasive cardiovascular and pulmonary medical devices. Uscom has a mission to demonstrate leadership in science and create noninvasive devices that assist clinicians improve clinical outcomes. Uscom has three practice leading suites of devices in the field of cardiac, vascular and pulmonary monitoring; the USCOM 1A advanced haemodynamic monitor, Uscom BP+ central blood pressure monitor, and the Uscom SpiroSonic digital ultrasonic spirometers. Uscom devices are premium resolution, noninvasive devices which deploy innovative and practice leading technologies approved or submitted for FDA, CE, CFDA and TGA regulatory approval and marketing into global distribution networks.

The USCOM 1A: A simple to use, cost-effective and non-invasive advanced haemodynamic monitor that measures cardiovascular function, detects irregularities and is used to guide treatment. The USCOM 1A device has major applications in Paediatrics, Emergency, Intensive Care Medicine and Anaesthesia, and is the device of choice for management of adult and paediatric sepsis, hypertension, heart failure and for the guidance of fluid, inotropes and vasoactive cardiovascular therapy.

The Uscom BP+: A supra-systolic oscillometric central blood pressure monitor which measures blood pressure and blood pressure waveforms at the heart, as well as in the arm, information only previously available using invasive cardiac catheterisation. The Uscom BP+ replaces conventional and more widespread sub-systolic blood pressure monitors, and is the emerging standard of care measurement in hypertension, heart failure and vascular health. The Uscom BP+ provides a highly accurate and repeatable measurement of central and brachial blood pressure and pulse pressure waveforms using a familiar upper arm cuff. The BP+ is simple to use and requires no complex training with applications in hypertension and pre-eclampsia, heart failure, intensive care, general practice and home care. The Uscom BP+ is supported by the proprietary **BP+ Reporter**, an innovative stand alone software solution that provides a digital platform to archive patient examinations and images, trend measure progress over time, analyse pulse pressure waves and generate summary reports.

Uscom SpiroSonic digital multi-path ultrasonic spirometers: High fidelity, digital, pulmonary function testing devices based on multi path ultrasound technology. They require no calibration, are simple to disinfect, and are simple and accurate to use providing research quality pulmonary function testing in small hand held devices that can be used in research, clinical and home care environments. The devices can be coupled with mobile phone apps and proprietary SpiroSonic software, **SpiroReporter**, with wireless interfacing to provide remote tele-monitoring of pulmonary disease. The devices are specialised for assessment of COPD, sleep disordered breathing, asthma, occupational lung disease and monitoring of pulmonary therapeutic compliance.

VENTITEST digital ultrasonic ventilator testing solution is a new system for testing ventilators. All ventilators require calibration to maintain the accuracy with which they measure the pressure, flow and volume of air they deliver. VENTITEST and VENTITEST-S, based on advanced SpiroSonic technology provides a testing solution that provides for simple and accurate testing, archiving, analysis and reporting to optimise ventilation performance.

For more information, please visit: www.uscom.com.au

Uscom Contacts

Rob Phillips

Chairman

rob@uscom.com.au

Brett Crowley

Company Secretary

This announcement is approved for release to the ASX by the Board of Uscom Limited.

Uscom Limited (ABN 35 091 028 090) Suite 2, Level 8, 66 Clarence Street, Sydney, NSW, 2000, Australia

T: +612 9247 4144 **E:** info@uscom.com.au **W:** www.uscom.com.au



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Uscom Limited and its controlled entities

ABN 35 091 028 090

ASX Appendix 4D Half yearly report – 31 December 2020

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Reporting period ended:

31 December 2020

Previous corresponding reporting period:

31 December 2019

Results for announcement to the market

| | | | | |
|--|------|------|----|-------------|
| Revenue and other income | up | 184% | to | \$2,737,950 |
| Loss from ordinary activities after tax attributable to members | down | 82% | to | \$269,661 |
| Net Loss for the period attributable to members | down | 82% | to | \$269,661 |

Dividends per share

It is not proposed to pay a dividend.

Net Tangible Asset per ordinary share

| | 31 December 2020 | 31 December 2019 |
|-------------|------------------|------------------|
| NTA backing | 1.0c | 0.5c |

Status of review

The consolidated entity's Half-Year Report contains an independent review report that is not subject to a modified conclusion, emphasis of matter or other matter paragraph.

Commentary

Refer Executive Chairman review of operations in page 2-3.

Financial highlights

| | |
|--------------------------------|-------------|
| Revenue and other income | \$2,737,950 |
| Loss from ordinary activities | \$269,661 |
| Sales revenue | \$2,269,744 |
| Net operating cash inflow | \$393,810 |
| Net increase in cash held | \$357,502 |
| Cash held at end of the period | \$2,278,159 |

DIRECTORS' REPORT

Your directors present the financial report of Uscom Ltd and its controlled entities for the half-year ended 31 December 2020.

Directors

The names of directors who held office during the whole of the half-year and up to the date of this report are:

Dr Rob Phillips

Mr Christian Bernecker

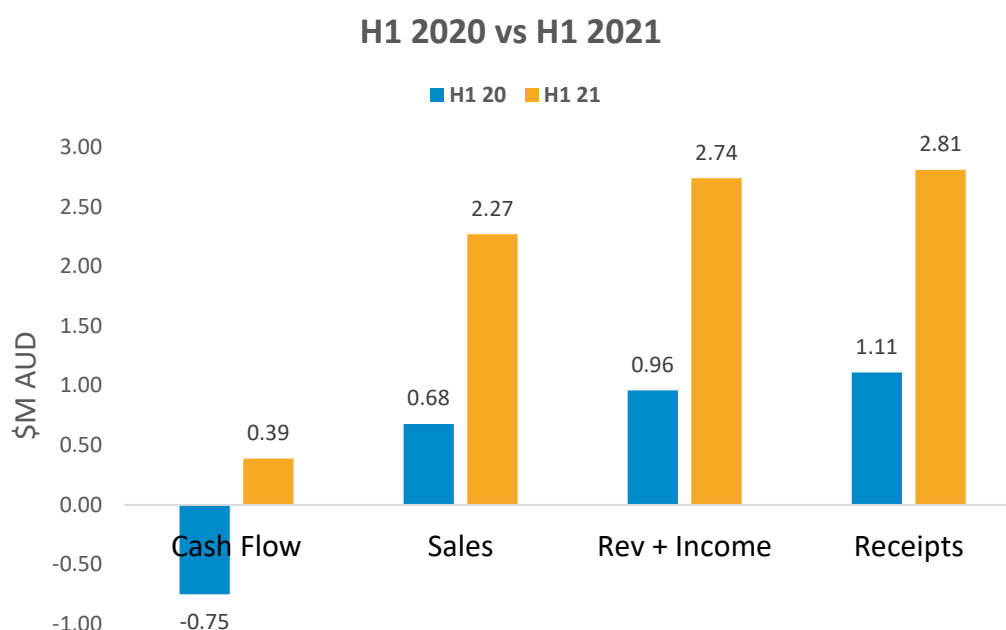
Mr Brett Crowley

Mr Xianhui Meng

Continued growth, profit and cash positivity.

Highlights

Uscom continues its strong growth performance in FY21 H1 with a 232% growth in sales resulting in a calendar year (CY) revenue and income in excess of \$6m and net annual cash inflow of \$0.8m. This was a result of profitable annual operations in China, combined with our first ever profitable half in Europe, and was delivered despite the persistence of the pandemic limiting hospital funding and sales visits.



- Sale of goods \$2.27m **up 232%** from \$0.68m
- Revenue and income \$2.74m **up 184%** from \$0.96m
- Receipts from customers \$2.81m **up 153%** from \$1.11m
- Net operating cash inflow \$0.39m from outflow of \$0.75m, **up \$1.14m**
- CY20 revenue and income \$6.06m **up 94%** from \$3.12m
- CY20 cash increased \$0.8m pa to \$2.3m

Results

Uscom reported sale of goods for the half of \$2.27m up 232% from \$0.68m in the prior corresponding period (pcp), with revenue and income of \$2.74m up 184% from \$0.96 in the pcp, while receipts from customers was \$2.81m up 153% from \$1.11m in the pcp.

These results generated a net operating cash inflow of \$0.39m for the half compared to a net operating cash outflow of \$0.75m in the pcp, taking the Company's cash balance at the end of the period to \$2.3m up \$0.8m over CY20. For H1 operating expenses were up 7% to \$2.60m, while the entity lost \$270k. However excluding foreign exchange losses of \$193k CY20 was profitable for the full year.

CY20 revenue and income was \$6.06m up 94% from \$3.12m in CY19.

China

The restructure of China operations and establishment of our direct Beijing subsidiary significantly strengthened our position in the China market, with Uscom China reporting its second successive profitable half and a full year profit for its first operating year in CY20. The expanded distribution network and focused company operations will also provide a fast track to market for our wave of new products approaching NMPA approval over the next 12 months. As part of this anticipated growth, we are also examining domestic manufacture opportunities so we can meet anticipated demand. Further initiatives by Uscom China operations will leverage off the raft of grants and subsidies associated with the recent listing of Uscom China as a National High Technology Enterprise by the Chinese Ministry of Science and Technology.

Europe

This year saw the appointment of Ms Teresa Guo as Director of International Operations and Dr Antonio Ferrario as European Sales and Marketing Manager with a specific objective to grow Uscom Europe. These appointments resulted in an accompanying revenue increase of 39% from \$0.41m to \$0.57m, and the first profitable half for the European subsidiary since its acquisition, and despite the difficult commercial conditions in Europe during CY20. Demand for SpiroSonic pulmonary testing technologies is predicted to rapidly increase in response to the "post COVID syndrome" demand, and current interest is very positive going forward, with a number of new partnerships discussions continuing and we are looking at increasing manufacturing capability in the short term.

SE Asia

SE Asia has a population of ~650m and is home to the fastest growing economies in the world, and Uscom has invested in expanding its sales and marketing activities in the region with the establishment of our new SE Asian headquarters in Singapore. While we have previously had some distribution in SE Asia, we are now building a substantial SE Asian hub in Singapore to support current sales activities and develop and support new and expanding regional Uscom markets.

US

The US, despite being the largest medical device market in the world, remains in a challenging condition. However early signs of recovery are resulting in an increase in sales and an increasing sales pipeline. The effectiveness of a new distribution team appointed in January 2020, covering 75% of the country, was undermined by the COVID pandemic. However, the sales team are starting to get hospital appointments as hospitals begin returning to regular budgets and device purchases. FDA approvals for the new BP+ and SpiroSonic devices are on-going and these devices can be fed into the new nationwide distribution network as soon as approvals are received.

Risks

Persistent or increased health restrictions related to changing public health conditions may limit the normal business of hospitals over the next 12 months, subsequently slowing the recovery of normal sales activities. As ~70% of our revenue and much of our growth is sourced from China and SE Asia, we are exposed to regional economic downturns and unresolved political friction. In response to these risks Uscom is focusing on diversification by continuing to grow our China and SE Asia footprint, while focusing on our activities in the recovering global markets of Europe and the US as the pandemic recedes.

Summary

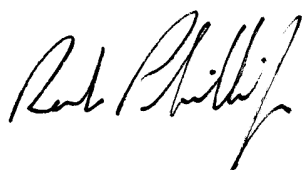
Uscom has produced excellent results for shareholders in the first half of FY21 and CY20, as the company continues to grow in response to its established global strategy of more products and more distributors. Uscom has committed deeply to its China operations and is planning further growth and expansion as we increase distribution and advance development of local manufacturing. Concurrently we are expanding our activities into the other major markets of SE Asia, Europe and the US to mitigate any regional political or economic risks. Approval of our new BP+ and SpiroSonic products across China, SE Asia, Europe and the US over the next 12 months is expected to further stimulate our growth as our new and expanded distribution networks resume normal activities as the pandemic recedes. Despite 2020 having been a difficult year, and 2021 likely to be unpredictable, we are focused on driving our strong growth momentum with new products into new distribution in multiple global markets. Management is optimistic that this strategy based on these fundamentals will drive our strong growth foreseeably and provide reliable shareholder value.

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 on page 5.

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

On behalf of the Directors



Professor Rob Phillips
Chairman
Sydney, 24 February 2021



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY JOHN BRESOLIN TO THE DIRECTORS OF USCOM LIMITED

As lead auditor for the review of Uscom Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Uscom Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'John Bresolin', is written over a light blue horizontal line.

John Bresolin
Director

BDO Audit Pty Ltd

Sydney, 24 February 2021

Uscom Limited and its controlled entities
Consolidated statement of profit or loss and other comprehensive income
for the half year ended 31 December 2020

| Continuing operations | | 31 Dec 2020 | 31 Dec 2019 |
|--|-------------|--------------------|--------------------|
| | <i>Note</i> | \$ | \$ |
| Revenue and other income | 2 | 2,737,950 | 964,185 |
| Raw materials and consumables used | | (396,558) | (23,883) |
| Expenses from continuing activities | 3 | (2,600,871) | (2,428,627) |
| Loss before income tax from continuing operations | | (259,479) | (1,488,325) |
| Income tax expense | | (10,182) | (8,027) |
| Loss after income tax from continuing operations | | (269,661) | (1,496,352) |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Foreign currency translation difference for foreign operations | | 83,407 | (36,582) |
| Other comprehensive income for the period | | 83,407 | (36,582) |
| Total comprehensive income/(loss) for the period | | (186,254) | (1,532,934) |
| Attributable to: | | | |
| Owners of the Company | | (186,254) | (1,532,934) |
| Total comprehensive income/(loss) for the period | | (186,254) | (1,532,934) |
| Earnings per share (EPS) | | | |
| Basic (loss) per share (cents per share) | | (0.2) | (1.1) |
| Diluted (loss) per share (cents per share) | | (0.2) | (1.1) |

This Consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the annual financial report for the year ended 30 June 2020 and the attached notes.

Uscom Limited and its controlled entities
Consolidated statement of financial position
as at 31 December 2020

| | Note | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
|--------------------------------------|-------|-------------------|-------------------|
| Current assets | | | |
| Cash and cash equivalents | | 2,278,159 | 1,920,657 |
| Trade and other receivables | | 221,692 | 453,700 |
| Inventories | | 739,010 | 828,853 |
| Tax assets | | 228,208 | 475,109 |
| Total current assets | | 3,467,069 | 3,678,319 |
| Non-current assets | | | |
| Bank guarantee | | 83,456 | 83,456 |
| Plant and equipment | | 132,087 | 163,524 |
| Intangible assets | 4 | 482,558 | 498,122 |
| Right-of-use assets | | 1,359,123 | 1,493,980 |
| Total non-current assets | | 2,057,224 | 2,239,082 |
| Total assets | | 5,524,293 | 5,917,401 |
| Current liabilities | | | |
| Trade and other payables | | 277,763 | 597,124 |
| Provisions | | 211,697 | 213,985 |
| Lease liabilities | | 183,742 | 187,310 |
| Total current liabilities | | 673,202 | 998,419 |
| Non-current liabilities | | | |
| Provisions | | 67,026 | 66,703 |
| Lease liabilities | | 1,336,063 | 1,429,935 |
| Total non-current liabilities | | 1,403,089 | 1,496,638 |
| Total liabilities | | 2,076,291 | 2,495,057 |
| Net assets | | 3,448,002 | 3,422,345 |
| Equity | | | |
| Issued capital | 5 | 34,594,404 | 34,197,430 |
| Options and rights reserve | 6(i) | 3,022,009 | 2,907,072 |
| Other reserves – unissued equity | 6(ii) | - | 300,000 |
| Accumulated losses | | (34,285,786) | (34,016,125) |
| Foreign currency translation reserve | | 117,376 | 33,968 |
| Total equity | | 3,448,002 | 3,422,345 |

This Consolidated statement of financial position is to be read in conjunction with the annual financial report for the year ended 30 June 2020 and the attached notes.

Interim Financial Report

Appendix 4D Half Yearly Report

Uscom Limited and its controlled entities Consolidated statement of changes in equity for the half year ended 31 December 2020

| | Issued capital | Options and rights reserve | Other reserves | Accumulated losses | Foreign currency translation reserve | Total |
|--|----------------|----------------------------|----------------|--------------------|--------------------------------------|-------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2019 | 33,300,933 | 2,824,660 | - | (32,684,790) | 47,153 | 3,487,956 |
| Loss for the period | - | - | - | (1,496,352) | - | (1,496,352) |
| Other comprehensive income | - | - | - | - | (36,582) | (36,582) |
| Total comprehensive loss for the period | - | - | - | (1,496,352) | (36,582) | (1,532,934) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Shares Issued | 750,000 | - | - | - | - | 750,000 |
| Transaction costs on Shares Issued | (9,021) | - | - | - | - | (9,021) |
| Share-based payments | 118,952 | 2,565 | - | - | - | 121,517 |
| Unissued equity | - | - | 300,000 | - | - | 300,000 |
| Total transactions with owners | 859,931 | 2,565 | 300,000 | - | - | 1,162,496 |
| Balance at 31 December 2019 | 34,160,864 | 2,827,225 | 300,000 | (34,181,142) | 10,571 | 3,117,518 |
| Balance at 1 July 2020 | 34,197,430 | 2,907,072 | 300,000 | (34,016,125) | 33,968 | 3,422,345 |
| Profit for the period | - | - | - | (269,661) | - | (269,661) |
| Other comprehensive income | - | - | - | - | 83,407 | 83,407 |
| Total comprehensive income for the period | - | - | - | (269,661) | 83,407 | (186,254) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Shares Issued | 309,000 | - | - | - | - | 309,000 |
| Transaction costs on Shares Issued | (7,026) | - | - | - | - | (7,026) |
| Share-based payments | 95,000 | 114,937 | - | - | - | 209,937 |
| Unissued equity | - | - | (300,000) | - | - | (300,000) |
| Total transactions with owners | 396,974 | 114,937 | (300,000) | - | - | 211,911 |
| Balance at 31 December 2020 | 34,594,404 | 3,022,009 | - | (34,285,786) | 117,376 | 3,448,002 |

This Statement of Changes in Equity is to be read in conjunction with the annual financial report for the year ended 30 June 2020 and the attached Notes.

Uscom Limited and its controlled entities
Consolidated statement of cash flows
for the half year ended 31 December 2020

| | <i>Note</i> | 31 Dec 2020 | 31 Dec 2019 |
|--|--------------|--------------------|--------------------|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from customers | | 2,811,544 | 1,111,295 |
| Payments to suppliers and employees | | (3,014,693) | (2,332,277) |
| Grants received | | 579,018 | 465,833 |
| Interest received | | 17,941 | 3,544 |
| Net cash used in operating activities | | 393,810 | (751,605) |
| Cash flows from investing activities | | | |
| Purchase of patents and trademarks | | (22,508) | (15,255) |
| Purchase of plant and equipment | | (6,774) | - |
| Net cash used in investing activities | | (29,282) | (15,255) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares and options | | - | 750,000 |
| Share issue costs | | (7,026) | (9,021) |
| Unissued equity contributions received | <i>6(ii)</i> | - | 300,000 |
| Net cash provided by (used in) financing activities | | (7,026) | 1,040,979 |
| Net increase in cash and cash equivalents | | | |
| Net cash and cash equivalents at the beginning of the period | | 1,920,657 | 1,208,496 |
| Foreign exchange impact on cash flows | | - | (1,804) |
| Net cash and cash equivalents at the end of the period | | 2,278,159 | 1,480,811 |

This Consolidated statement of cash flows is to be read in conjunction with the attached Notes.

Uscom Limited and its controlled entities
Selected Explanatory Notes to the Financial Statements
For the half year ended 31 December 2020

Note 1 – Statement of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report covers the Consolidated Entity of Uscom Ltd and its Controlled Entities. Uscom Ltd is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the consolidated Group in the preparation of the financial report. The accounting policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The consolidated financial report for the half year ended 31 December 2020 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001 and was approved by the Board of Directors on 24 February 2021.

This half-year financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as the annual financial report.

Accordingly, this report should be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by the Company in accordance with the continuous disclosure obligations arising under ASX listing rules.

New, revised or amending Accounting Standards and Interpretations adopted

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended 30 June 2020.

| | 31 Dec 2020 | 31 Dec 2019 |
|---|-------------|-------------|
| | \$ | \$ |
| Note 2 – Revenue and other income | | |
| Sale of goods | 2,269,744 | 683,922 |
| Other revenue | | |
| Interest received | 17,832 | 3,304 |
| Other income | | |
| Grants | 450,374 | 261,681 |
| Exchange gain | - | 15,278 |
| Total other income | 450,374 | 276,959 |
| Total revenue and other income | 2,737,950 | 964,185 |
| Note 3 – Expenses from ordinary activities | | |
| Depreciation and amortisation expenses | 74,896 | 149,691 |
| Depreciation – right-of-use assets | 137,111 | 125,670 |
| Employee expenses | 1,019,451 | 1,001,331 |
| Research and development expenses | 395,619 | 419,888 |
| Advertising and marketing expenses | 282,369 | 353,568 |
| Occupancy expenses | 9,228 | 2,665 |
| Regulatory expenses | 70,133 | 62,404 |
| Administrative expenses | 557,176 | 267,742 |
| Finance costs | 54,888 | 45,668 |
| Total expenses from ordinary activities | 2,600,871 | 2,428,627 |

| | 31 Dec 2020 | 31 Dec 2019 |
|-----------------------------------|-------------|-------------|
| | \$ | \$ |
| Note 4 – Intangible assets | | |
| Patents | 482,558 | 498,121 |
| Total intangible assets | 482,558 | 498,121 |

| | Patents | Total |
|--|----------|----------|
| | \$ | \$ |
| <i>Movements in carrying amounts</i> | | |
| Opening balance | 498,121 | 498,121 |
| Additions | 22,508 | 22,508 |
| Impairment | - | - |
| Amortisation | (38,071) | (38,071) |
| Intangible assets at the end of the period | 482,558 | 482,558 |

| | 31 Dec 2020 | 30 Jun 2020 | 31 Dec 2020 | 30 Jun 2020 |
|--------------------------------|-------------|-------------|-------------|-------------|
| | Number | Number | \$ | \$ |
| Note 5 – Issued Capital | | | | |
| Ordinary shares | | | | |
| Fully paid ordinary shares | 153,771,290 | 149,828,334 | 34,594,404 | 34,197,430 |
| Total contributed equity | 153,771,290 | 149,828,334 | 34,594,404 | 34,197,430 |

| | | | | |
|--|-------------|-------------|------------|------------|
| Movement in issued capital | | | | |
| Opening balance | 149,828,334 | 137,640,866 | 34,197,430 | 33,300,933 |
| Ordinary shares issued | 3,090,000 | 7,500,000 | 309,000 | 750,000 |
| Ordinary shares issued in lieu of salary | 852,956 | 4,687,468 | 95,000 | 162,952 |
| Share issue costs | - | - | (7,026) | (16,455) |
| Ordinary shares at the end of the period | 153,771,290 | 149,828,334 | 34,594,404 | 34,197,430 |

| | 31 Dec 2020 | 30 Jun 2020 |
|---------------------------------------|-------------|-------------|
| | \$ | \$ |
| Note 6 – Reserves | | |
| Options and rights reserves (i) | 3,022,009 | 2,907,072 |
| Other equity reserves (ii) | - | 300,000 |
| Foreign currency translation reserves | 117,376 | 33,968 |
| Total reserves | 3,139,385 | 3,241,040 |

| (i) Movement in options and rights reserves | 31 Dec 2020 | 30 Jun 2020 | 31 Dec 2020 | 30 Jun 2020 |
|---|-------------|-------------|-------------|-------------|
| | Number | Number | \$ | \$ |
| <i>Options reserve</i> | | | | |
| Opening balance | - | - | - | - |
| Exercised during the period | - | - | - | - |
| Granted during the period | - | - | - | - |
| Lapsed during the period | - | - | - | - |
| Options at the end of the period | - | - | - | - |
| <i>Performance rights reserve</i> | | | | |
| Opening balance | 450,000 | 1,640,476 | 2,907,072 | 2,824,660 |
| Granted during the period (a) | 1,436,782 | 2,173,913 | - | - |
| Exercised during the period (b) | (300,000) | (3,364,389) | - | - |
| Lapsed during the period | - | - | - | - |
| Expenses from share-based payment | - | - | 114,937 | 82,412 |
| Options at the end of the period | 1,586,782 | 450,000 | 3,022,009 | 2,907,072 |
| Total | | | 3,022,009 | 2,907,072 |

- (a) 1,436,782 Indeterminate rights were issued to Rob Philips on the terms and conditions approved by shareholders at the AGM on 29 October 2020 under the Equity Incentive plan, vesting dependent on performance hurdles on 1 July 2021. Consideration payable upon vesting is \$nil. The Board may exercise its discretion to pay cash in lieu of issue of ordinary shares
- (b) 450,000 Performance rights were issued to Nick Schicht on 26 November 2014 under the Equity Incentive Plan, vesting dependent on performance hurdles on 1 July 2018, 1 July 2019 and 1 July 2020. Consideration payable upon vesting is \$nil. 300,000 were exercised on 28 August 2020
- (ii) On 30 September 2020, the Company announced the private placement of shares to management and major shareholders. Included in the placement was the issue of 3 million shares to the Company Executive Chairman Rob Philips at \$0.10 per share. The issue is conditional on shareholder approval which will be sought at the general meeting. An amount of \$300,000 was received by the company from Rob Philips as an advance on the placement which will be allocated to the allotted capital once approved. In the event the shareholders reject the placement, the amount will be repaid to Rob Philips. On 29 October 2020, 3,090,000 shares at \$0.10 per share were approved by the shareholders and issued to Rob Philips. This included 90,000 shares were on account of interest payable on the amount of \$300,000.

Note 7 – Operating segmentsSegment information

The consolidated entity operates in the global health and medical products industry. Globally the company has 5 geographic sales and distribution segments as shown below. For each segment, the CEO and General Manager review internal management reports on at least a monthly basis.

| | Australia / NZ | Asia | USA | Europe | Other region | Total |
|--|----------------|-----------|-----------|----------|--------------|-------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| 31 Dec 2020 | | | | | | |
| Sales to external customers | 12,630 | 1,638,227 | 46,673 | 566,988 | 5,226 | 2,269,744 |
| Other revenues | 372,016 | 14,812 | - | 81,378 | - | 468,206 |
| Total segment revenue | 384,646 | 1,653,039 | 46,673 | 648,366 | 5,226 | 2,737,950 |
| Segment expenses | 1,684,424 | 520,945 | 207,637 | 582,926 | 1,497 | 2,997,429 |
| Segment result | (1,299,778) | 1,132,094 | (160,964) | 65,440 | 3,729 | (259,479) |
| Income Tax | - | - | - | (10,182) | - | (10,182) |
| Consolidated profit (loss) from ordinary activities after income tax | (1,299,778) | 1,132,094 | (160,964) | 55,258 | 3,729 | (269,661) |
| 31 Dec 2019 | | | | | | |
| Sales to external customers | 3,550 | 268,057 | 657 | 406,964 | 4,694 | 683,922 |
| Other revenues | 243,637 | - | - | 36,626 | - | 280,263 |
| Total segment revenue | 247,187 | 268,057 | 657 | 443,590 | 4,694 | 964,185 |
| Segment expenses | 1,508,563 | 196,882 | 264,676 | 481,080 | 1,309 | 2,452,510 |
| Segment result | (1,261,376) | 71,175 | (264,019) | (45,517) | 3,384 | (1,488,325) |
| Income Tax | - | - | - | (8,027) | - | (8,027) |
| Consolidated profit (loss) from ordinary activities after income tax | (1,261,376) | 71,175 | (264,019) | (37,490) | 3,384 | (1,496,35) |

There is no material change to segment assets compared to 30 June 2020.

Note 8 – Contingent liabilities

There were no contingencies as at 31 December 2020.

Note 9 – Events after the reporting date

The impact of the COVID-19 outbreak continues to evolve at the date of this report and therefore the impact of the pandemic on the Group's future financial results remains uncertain and will depend on future developments such as the duration and severity of the outbreak and government policies.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely in the opinion of the directors of the Company to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in future financial year.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto 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 thereto give a true and fair view of the consolidated entity's financial position as at 31 December 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) of the Corporations Act 2001.

On behalf of the directors



Professor Rob Phillips
Chairman
Sydney, 24 February 2021



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Uscom Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Uscom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the 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.

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**Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'John Bresolin', is written over a faint, larger 'BDO' logo.

John Bresolin
Director

Sydney, 24 February 2021