

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Appendix 4D
Half-year report

1. Company details

Name of entity:	Jayex Technology Limited
ABN:	15 119 122 477
Reporting period:	For the half-year ended 30 June 2021
Previous period:	For the half-year ended 30 June 2020

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities (continuing and discontinued operations)	down	45.2% to	2,224
Loss from ordinary activities after tax attributable to the owners of Jayex Technology Limited	up	2140.0% to	(2,352)
Loss for the half-year attributable to the owners of Jayex Technology Limited	up	2140.0% to	(2,352)

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 \$2,352,000 (30 June 2020: \$105,000).

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 2021 released with this document.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(1.93)</u>	<u>(2.92)</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.

Jayex Technology Limited
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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):

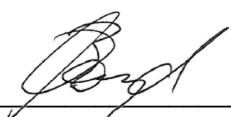
The financial statements were subject to a review by the auditors and the review report is attached as part of the Financial Report for the half-year ended.

11. Attachments

Details of attachments (if any):

The Financial Report for the half-year ended of Jayex Technology Limited for the half-year ended 30 June 2021 is attached.

12. Signed

Signed  _____

Michael Boyd
Chairman

Date: 31 August 2021



Jayex Technology Limited

(Formerly known as Jayex Healthcare Limited)

ABN 15 119 122 477

Financial Report for the half-year ended - 30 June 2021

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
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Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Directors' report
30 June 2021

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Jayex Technology 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 2021.

Directors

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

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$2,352,000 (30 June 2020: \$105,000).

Reorganisation and renewed strategy

Following the reorganisation of its operations, the company refocused its technology efforts in the half as it divested its Acute (hospital) queue management business. Central to its renewed growth strategy is Primary Care and NHS Community markets via the company's SaaS-based Connect platform. The business continues to grow through innovation and new technologies.

Key themes from the half include:

- Reorganisation of operations + Divestment of Acute (hospital) queue management business
- Net loss of \$2.3m (1H20: -\$0.105m) due to major impairment charge absorbed of \$1.93m.
- \$2.2m in cash in bank
- Revenue down 45.2% to \$2.2m (revenue from continuing and discontinued operations) as COVID pandemic impacts trading performance
- Second CBILS loan of \$1.09m received
- NZLD Cannabis Cultivation license granted for Jayex's subsidiary Whakaora Hou Limited
- Name change from Jayex Healthcare Limited (ASX:JHL) to Jayex Technology Limited (ASX: JTL)

Half Year Performance Summary

The company's group revenue from continuing and discontinued operations was \$2.2m for the half, down 45.2% as the on-going COVID-19 pandemic continued to impact the company's trading performance and trading conditions globally. The business reported a net loss of \$2.3m, (1H20: -\$105m) due a major impairment charge absorbed against historical goodwill of \$1.9m and the Acute Business sale of \$452k

As the company turned its focus to Primary Care during the half, it divested its on-premises hospital queue management business to Canadian based vitalhub Inc (Vitalhub TSXV:VHI) for a transaction value of £1.3M (~\$2.4m AUD). Vitalhub purchased all existing hospital contracts in the UK and Australia from the company including an Enlighten license to operate the service.

The company concluded the reorganization of its operations during the half which included upskilling employees with a focus on speed to market for their products. As part of this, the company rolled out new custom CRM software which ensures robust customer interactions. Mr Ryan Chana was appointed in April as head of growth and has been focused on collaborating with the NHS to drive growth within the GP and NHS Community segments.

Whakaora Hou Limited

During April, Jayex subsidiary Whakaora Hou Limited obtained a cultivation license for medicinal marijuana from the New Zealand Medicinal Cannabis Agency (NZ Ministry of Health).

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Directors' report
30 June 2021

Placement

The company undertook a placement of \$0.57 million (before costs) in May. The funds are being used for further marketing strategies throughout New Zealand and Australia and general working capital purposes. JP Equity Partners were lead manager to the Capital Raising.

Partial payment of convertible note

During the half, payments of \$300k were made to Covenant Holdings (WA) Pty Ltd (Covenant), reducing the loan from \$3.0 million to \$2.7 million. Covenant is a company controlled by the company's Executive Chairman, Mr Michael Boyd.

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:

The half has seen a reorganisation of the business and a renewed strategy emerge. Following the divestment of the hospitals business, the company is now focused on Primary care and NHS Community markets via its SaaS-based Connect platform as well as pursuing growth through innovation. The company continues to develop and roll out new products.

As the UK continues to open-up following the successful vaccination roll out in the UK, the company will see improved trading performance. The company has a favourable cash position following the sale of its hospitals business.

Significant changes in the state of affairs

At the Company's Annual General Meeting on 27 May 2021, shareholders approved the name change from Jayex Healthcare Limited (ASX:JHL) to Jayex Technology Limited (ASX: JTL).

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

Matters subsequent to the end of the financial half-year

Jayex Technologies Limited (JTL) has signed a binding agreement for the investment of US\$2 million in cash into Brainworks' Foundry, Inc. as announced on 30 July 2021. Under the terms of the binding Heads of Agreement, Jayex has agreed to subscribe for up to an aggregate 14% equity interest in Brainworks through initial subscription of its 617,283 shares at an issue price of USD 0.81 each for a total consideration of US\$0.5 million and three subsequent exclusive options (Options), to subscribe in each tranche for 617,283 shares at an issue price of USD 0.81 per share for a total consideration of USD 1.5million. Each Option may be exercisable by Jayex separately but all within a period of 4 months following execution of the Agreement.

On 16 August 2021, JTL has announced a non-renounceable entitlement issue of one (1) New Share for every three (3) existing Share held by Eligible Shareholders on the 11 August 2021 at an issue price of \$0.025 per New Share to raise approximately \$1,837,115. The offer will close on 15 September 2021.

No other matter or circumstance has arisen since 30 June 2021 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.

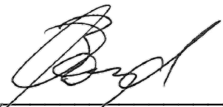
Auditor's independence declaration

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.

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Directors' report
30 June 2021

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

31 August 2021

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

I declare that, to the best of my knowledge and belief during the half-year ended 30 June 2021 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.

A handwritten signature in blue ink that reads 'William Buck'.

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

A handwritten signature in blue ink, appearing to be 'J.C. Luckins'.

J.C. Luckins
Director

Melbourne, 31 August 2021

ACCOUNTANTS & ADVISORS

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williambuck.com

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2021

	Note	Consolidated 30 June 2021 \$'000	30 June 2020 \$'000
Revenue from continuing operations	4	1,831	3,762
Other income		352	44
Expenses			
Raw materials and consumables used		(266)	(755)
Corporate and administrative expense		(639)	(753)
Employee benefits expense		(1,346)	(1,722)
Depreciation and amortisation expense		(320)	(430)
Marketing expenses		(43)	(68)
Impairment of goodwill		(1,928)	-
Net foreign exchange gain/(loss)		176	(1)
Finance costs		(419)	(152)
Fair value change in the derivative liability		777	-
Loss before income tax benefit from continuing operations		(1,825)	(75)
Income tax benefit		223	92
Profit/(loss) after income tax benefit from continuing operations		(1,602)	17
Loss after income tax expense from discontinued operations	5	(750)	(122)
Loss after income tax (expense)/benefit for the half-year attributable to the owners of Jayex Technology Limited		(2,352)	(105)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of financial assets at fair value through other comprehensive income, net of tax		28	-
Foreign currency translation		344	(357)
Other comprehensive income for the half-year, net of tax		372	(357)
Total comprehensive income for the half-year attributable to the owners of Jayex Technology Limited		<u>(1,980)</u>	<u>(462)</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(1,230)	(340)
Discontinued operations		(750)	(122)
		<u>(1,980)</u>	<u>(462)</u>

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

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2021

		Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Jayex Technology Limited			
Basic earnings per share	15	(0.78)	0.01
Diluted earnings per share	15	(0.78)	0.01
Earnings per share for loss from discontinued operations attributable to the owners of Jayex Technology Limited			
Basic earnings per share	15	(0.37)	(0.07)
Diluted earnings per share	15	(0.37)	(0.07)
Earnings per share for loss attributable to the owners of Jayex Technology Limited			
Basic earnings per share	15	(1.15)	(0.06)
Diluted earnings per share	15	(1.15)	(0.06)

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

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Consolidated statement of financial position
As at 30 June 2021

		Consolidated	
	Note	30 June 2021	31 Dec 2020
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		2,219	1,182
Trade and other receivables		1,506	1,173
Inventories		238	341
Other		77	56
Total current assets		<u>4,040</u>	<u>2,752</u>
Non-current assets			
Deposits		54	53
Investments	6	507	-
Property, plant and equipment		211	185
Right-of-use assets		325	132
Intangibles	7	<u>6,201</u>	<u>9,237</u>
Total non-current assets		<u>7,298</u>	<u>9,607</u>
Total assets		<u>11,338</u>	<u>12,359</u>
Liabilities			
Current liabilities			
Trade and other payables		1,705	1,992
Borrowings	8	2,364	2,961
Lease liabilities	9	149	98
Employee benefits		91	54
Provisions		170	220
Contract liabilities		<u>1,707</u>	<u>1,436</u>
Total current liabilities		<u>6,186</u>	<u>6,761</u>
Non-current liabilities			
Borrowings	10	2,728	1,716
Lease liabilities	11	185	23
Deferred tax		275	461
Employee benefits		25	21
Total non-current liabilities		<u>3,213</u>	<u>2,221</u>
Total liabilities		<u>9,399</u>	<u>8,982</u>
Net assets		<u>1,939</u>	<u>3,377</u>
Equity			
Issued capital	12	27,399	26,861
Reserves		(1,752)	(2,128)
Accumulated losses		<u>(23,708)</u>	<u>(21,356)</u>
Total equity		<u>1,939</u>	<u>3,377</u>

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

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Consolidated statement of changes in equity
For the half-year ended 30 June 2021

Consolidated	Issued capital \$'000	Share based payments reserve \$'000	Foreign exchange reserve \$'000	Asset revaluation 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>-</u>	<u>(20,662)</u>	<u>3,699</u>
Consolidated	Issued capital \$'000	Share based payments reserve \$'000	Foreign exchange reserve \$'000	Asset Revaluation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2021	26,861	-	(2,128)	-	(21,356)	3,377
Loss after income tax benefit for the half-year	-	-	-	-	(2,352)	(2,352)
Other comprehensive income for the half-year, net of tax	-	-	344	28	-	372
Total comprehensive income for the half-year	-	-	344	28	(2,352)	(1,980)
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments	-	4	-	-	-	4
Capital raised, net of cost	538	-	-	-	-	538
Balance at 30 June 2021	<u>27,399</u>	<u>4</u>	<u>(1,784)</u>	<u>28</u>	<u>(23,708)</u>	<u>1,939</u>

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

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Consolidated statement of cash flows
For the half-year ended 30 June 2021

	Note	Consolidated	30 June 2020
		30 June 2021	30 June 2020
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,298	4,714
Payments to suppliers and employees (inclusive of GST)		<u>(3,131)</u>	<u>(3,600)</u>
		(833)	1,114
COVID-19 Jobkeeper payments received		62	-
Interest and other finance costs paid		(125)	(507)
Operating activities from discontinued operations		<u>64</u>	<u>(122)</u>
Net cash from/(used in) operating activities		<u>(832)</u>	<u>485</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(43)	(1)
Payments for intangibles	7	(54)	(107)
Proceeds from disposal of Acute business		<u>657</u>	<u>-</u>
Net cash from/(used in) investing activities		<u>560</u>	<u>(108)</u>
Cash flows from financing activities			
Proceeds from issue of shares	12	573	-
Proceeds from borrowings		1,150	745
Share issue transaction costs		(35)	-
Repayment of borrowings		(300)	-
Repayment of lease liabilities		<u>(92)</u>	<u>(83)</u>
Net cash from financing activities		<u>1,296</u>	<u>662</u>
Net increase in cash and cash equivalents		1,024	1,039
Cash and cash equivalents at the beginning of the financial half-year		1,182	281
Effects of exchange rate changes on cash and cash equivalents		<u>13</u>	<u>6</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>2,219</u></u>	<u><u>1,326</u></u>

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

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Notes to the consolidated financial statements
30 June 2021

Note 1. General information

The financial statements cover Jayex Technology Limited as a consolidated entity consisting of Jayex Technology 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 Technology Limited's functional and presentation currency.

Jayex Technology 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 31 August 2021. 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 2021 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 2020 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 2021 of the consolidated entity, as disclosed in the statement of financial position, is an apparent excess of current liabilities over current assets of \$2,146,000. However, the current liabilities as at 30 June 2021 contain a number of liability accounts, including the Convertible notes and related Derivative financial liability which the Directors anticipate to settled through the issue of equity before its maturity on 13 October 2022 and the Contract liabilities, which represent the results of accounting adjustments and do not represent amounts currently payable, or expected to become payable, to third parties. Excluding these liability accounts from the calculation of working capital at 30 June 2021, results in adjusted working capital surplus of \$1,704,000.

The cash balance at 30 June 2021 was \$2,219,000.

The consolidated entity incurred a net loss after tax for the half-year ended 30 June 2021 of \$2,352,000 and had net cash outflows from operating activities of \$832,000.

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.

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Notes to the consolidated financial statements
30 June 2021

Note 2. Significant accounting policies (continued)

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 Connect Platform, remains innovative, 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, including a subsequent event to the report date relating to a new Rights Issue;
- 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 2021

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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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 Technology Limited
(Formerly known as Jayex Healthcare Limited)
Notes to the consolidated financial statements
30 June 2021

Note 3. Operating segments (continued)

Operating segment information

	Australia \$'000	United Kingdom \$'000	Total \$'000
Consolidated – June 2021			
Revenue			
Sales to external customers	325	1,506	1,831
Other income	62	290	352
Total revenue	<u>387</u>	<u>1796</u>	<u>2183</u>
Segment operating expenses	<u>(832)</u>	<u>(1,282)</u>	<u>(2,114)</u>
EBITDA	(445)	514	69
Interest expense			(419)
Depreciation & amortisation expense			(320)
Impairment of goodwill			(1,928)
Fair value change in the derivative instrument			777
Share based payment expense			(4)
Profit/(loss) before income tax expense			<u>(1,825)</u>
Consolidated – June 2020			
Revenue			
Sales to external customers	442	3,320	3,762
Other income	44	-	44
Total revenue	<u>442</u>	<u>3,320</u>	<u>3,762</u>
Other income	44	-	44
Segment operating expenses	<u>(889)</u>	<u>(2,410)</u>	<u>(3,299)</u>
EBITDA	(403)	910	507
Interest expense			(152)
Depreciation & amortisation expense			(430)
Share based payment expense			-
Profit/(loss) before income tax expense			<u>(75)</u>
Consolidated – June 2021			
Current assets	563	3,477	4,040
Non-current assets	2,479	4,819	7,298
Total assets	<u>3,042</u>	<u>8,296</u>	<u>11,338</u>
Current liabilities	2,618	3,568	6,186
Non-current liabilities	843	2,370	3,213
Total liabilities	<u>3,461</u>	<u>5,938</u>	<u>9,399</u>
Consolidated – December 2020			
Current assets	561	2,191	2,752
Non-current assets	1,784	7,823	9,607
Total assets	<u>2,345</u>	<u>10,014</u>	<u>12,359</u>
Current liabilities	3,466	3,295	6,761
Non-current liabilities	769	1,452	2,221
Total liabilities	<u>4,235</u>	<u>4,747</u>	<u>8,982</u>

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Notes to the consolidated financial statements
30 June 2021

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 2021, revenue includes \$1,112,000 (2020: \$1,838,000) included in the contract liability balance at the beginning of the period.

	Consolidated	
	30 June 2021	30 June 2020
	\$'000	\$'000
<i>Major product lines</i>		
Supply and installation of kiosks (at a point of time)	770	2,379
Software licences and support services (over time)	923	892
Extended warranty (over time)	133	313
Software development customisation services (over time)	-	130
Software development supports services (over time)	5	48
	1,831	3,762
	1,831	3,762

Note 5. Sale of Acute business

Description

On 17 May 2021, the Group sold its on-premises Acute hospital queue management business to Canadian based medical technology company Vitalhub Inc.

Under the agreement, Vitalhub acquired Jayex's hospital contracts in both the UK and Australia for a consideration of £1.04 million (~\$1.9M AUD) in cash and £0.26 million (~\$.47M AUD) in Vitalhub shares (150,078 shares in total).

Financial performance information

	Consolidated	
	30 June 2021	30 June 2020
	\$'000	\$'000
Revenue	393	296
Raw materials and consumables used	(11)	(39)
Employee benefits expense	(218)	(293)
Professional services expenses	(91)	-
Other expense	(9)	(86)
Total expenses	(329)	(418)
Profit/(loss) before income tax expense	64	(122)
Income tax expense	-	-
Profit/(loss) after income tax expense	64	(122)
Gain on disposal before income tax	(616)	-
Income tax expense	(198)	-
Loss on disposal after income tax expense	(814)	-
Loss after income tax expense from discontinued operations	(750)	(122)

Jayex Technology Limited
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Notes to the consolidated financial statements
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Note 5. Sale of Acute business (continued)

Details of the disposal

	Consolidated	
	30 June 2021	30 June 2020
	\$'000	\$'000
Total sale consideration	1,552	-
Carrying amount of net assets disposed	(1,240)	-
Disposal costs	(928)	-
	<hr/>	<hr/>
Loss on disposal before income tax	(616)	-
Income tax expense	(198)	-
	<hr/>	<hr/>
Loss on disposal after income tax	<u>(814)</u>	<u>-</u>

The Company received cash proceeds of \$657k. This is based on the cash component of consideration of \$1.9m net of with escrowed consideration of \$1,076k (as detailed below) and \$182k withheld by Vitalhub in-lieu of cash received in advance by the company from the customers.

As of 30 June 2021, £156k (equivalent to \$288k) of cash consideration is placed under six-month Escrow from the date of completion of sale with a third-party Riverside Escrow Limited, secured against any future unknown related to a Litigation Warranties against the Jayex Acute Business.

Refer to note 13 for details on a further contingent asset of \$788k out of the sale consideration.

Note 6. Non-current assets - investments

	Consolidated	
	30 June 2021	31 Dec 2020
	\$'000	\$'000
Shares in Vitalhub Corporation	<u>507</u>	<u>-</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:		
Opening fair value	-	-
Additions	472	-
Revaluation increments	35	-
	<hr/>	<hr/>
Closing fair value	<u>507</u>	<u>-</u>

On 14 May 2021, in-part consideration towards the sales of Acute business for GBP 260k (equivalent to \$472k), the company were issued 150,078 shares in Vitalhub Corporation at CAD 2.915 per share . These investment in shares is classified as level 1 in fair value measurement hierarchy as the Vitalhub Corporation is listed on Toronto Stock Exchange (TSXV: VHI). As at 30 June 2021, the investment in share is fair valued based on the quoted market price of CAD 3.15 per share at \$507k. At the time of initial recognition, the company has made an irrevocable election for these investments to present subsequent changes in fair value in other comprehensive income.

Jayex Technology Limited
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Notes to the consolidated financial statements
30 June 2021

Note 7. Non-current assets - intangibles

	Consolidated	
	30 June 2021	31 Dec 2020
	\$'000	\$'000
Goodwill - at cost	10,045	9,805
Less: Impairment	<u>(6,465)</u>	<u>(4,085)</u>
	<u>3,580</u>	<u>5,720</u>
Development - at cost	<u>1,022</u>	<u>975</u>
Patents and trademarks - at cost	<u>586</u>	<u>586</u>
Software platform - at cost	1,797	1,726
Less: Accumulated amortisation - software	<u>(1,395)</u>	<u>(1,273)</u>
	<u>402</u>	<u>453</u>
Customer relationships - at cost	2,511	3,181
Less: Accumulated amortisation - Customer relationships	<u>(1,900)</u>	<u>(1,678)</u>
	<u>611</u>	<u>1,503</u>
	<u>6,201</u>	<u>9,237</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 2021	5,720	586	453	1,503	975	9,237
Additions	-	-	-	-	54	54
Disposals	(452)	-	-	(788)	-	(1,240)
Exchange differences	240	-	19	50	(7)	302
Impairment of assets	(1,928)	-	-	-	-	(1,928)
Amortisation expense	-	-	(70)	(154)	-	(224)
Balance at 30 June 2021	<u>3,580</u>	<u>586</u>	<u>402</u>	<u>611</u>	<u>1,022</u>	<u>6,201</u>

Patents & trademarks

The carrying value of patents & trademarks has been measured on an amortised cost basis. An independent valuation was obtained during the year ended 31 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.

Goodwill

For the purpose of ongoing annual impairment testing goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises:

	Consolidated	
	30 June 2021	31 Dec 2020
	\$'000	\$'000
Jayex Technology Limited (United Kingdom)	<u>3,580</u>	<u>5,720</u>

Jayex Technology Limited
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Notes to the consolidated financial statements
30 June 2021

Note 7. Non-current assets - intangibles (continued)

Methodology

An impairment loss expense in the profit or loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The Company determined the recoverable amounts of Jayex Technology Limited CGU using a value in use approach.

The recoverable amounts of the CGU has been determined by valuation models that estimated the future cash flows relying on historical performance and growth, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

The discounted cash flow model used in the assessment of value in use is sensitive to a number of key assumptions, including revenue growth rates, discount rates, operating costs and foreign exchange rates. These assumptions can change over short periods of time and can have a significant impact on the carrying value of the assets.

Impairment testing for CGUs containing goodwill

Goodwill arose in the business combinations for the acquisition of Jayex Technology Limited in 2015. It represented the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired and contingent liabilities assumed at the date of acquisition. Goodwill is allocated to the Group's cash generating units (CGUs) identified according to the Group's operating segments for impairment testing purposes.

In assessing whether an impairment adjustment is required for the carrying value of an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value-in-use.

Value in use and key assumptions

The Company estimates the value-in-use of Jayex Technology Limited CGU using discounted cash flows. For the 30 Jun 2021 half-year reporting, the recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using the estimated growth rates and assumptions used in the value in use calculations are stated below:

- Pre-tax discount rate - 14.75%
- Period over which cash flows projected - 4 years
- Management has made numerous assumptions about the budgeted revenue to be achieved in 2022, and this has resulted in a revenue growth rate of 5% compared to the actual forecast revenues in 2021, this contemplates successful launch of new products from existing assets which would increase the company's revenues and cash flows.
- Growth projections - revenue increase at average rates of 5% per annum from 2023, based on past trends.
- Expenses increase at average rates of 3.2% per annum, based on past trends of reducing cost base compared to revenues.
- Long term growth rate used to extrapolate cash flow projections beyond forecast period - 2% per annum

Apart from the considerations described in determining the value-in-use of the cash-generating units described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

In determining the value-in-use of the CGU the Company engaged an independent valuation specialist.

Impairment

Company has performed an impairment assessment based on its cash generating units (CGU), which is Jayex Technology CGU.

As a result of the assessment the Company has recognised an impairment to goodwill asset of \$1.93 million in relation to the Jayex Technology CGU for the half-year ended 30 June 2021.

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Notes to the consolidated financial statements
30 June 2021

Note 8. Current liabilities - borrowings

	Consolidated	
	30 June 2021	31 Dec 2020
	\$'000	\$'000
Derivative financial liability	330	1,140
Loans	221	88
Convertible notes payable	1,813	1,733
	<u>2,364</u>	<u>2,961</u>

Refer to note 10 for further information on Loans.

In 2020 financial year, the Company issued 3,000,000 convertible notes each having a face value of \$1.00 to Covenant Holding (WA) Pty Ltd towards the settlement of its \$3m borrowings. Convertible notes are unsecured and bears a coupon rate of 6.5% per annum. The Convertible Notes are convertible into Shares in whole or in part at the sole election of the Noteholder at the Conversion Price at any time on or before the redemption date. Conversion Price will be determined as the greater of \$0.05 and a 20% discount to the volume weighted average price of Shares on the ASX calculated over the 30 days on which trades in Shares were recorded immediately prior to the conversion date. Convertible notes are repayable on 13 October 2022, being the redemption date, for the balance of convertible notes not converted into shares as at that date. During the half-year ended 30 June 2021, the company repaid \$300,000 of Convertible Notes.

The convertibles notes contain an embedded derivative representing the option to convert the convertible notes into equity shares. As of 30 June 2021, the derivative liability was fair valued at \$329,591 (31 December 2020: \$1,140,000). The change in the fair value is recognised in the statement of profit and loss.

The derivative liability is classified as level 3 in fair value measurement hierarchy as detailed in note 3. The derivative liability is valued using Monte Carlo simulation method to determine the conversion price and the Black-Scholes option valuation model is used to assess value of the Rights at valuation date. Key input used in the valuation is as follows:

Assumptions	Conversion Right at 30 June 2021
Revaluation date	30 June 2021
Face value	\$2,700,000
Spot price	\$0.025
Conversion price	\$0.05
Risk free rate	0.06%
Coupon Rate	6.5%
Expected future volatility	100%
Expiry date	13 October 2022
Fair value per Right	\$0.0061
Fair value of derivative liability	\$329,591

Note 9. Current liabilities - lease liabilities

	Consolidated	
	30 June 2021	31 Dec 2020
	\$'000	\$'000
Lease liability	<u>149</u>	<u>98</u>

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Notes to the consolidated financial statements
30 June 2021

Note 10. Non-current liabilities - borrowings

	Consolidated	
	30 June 2021	31 Dec 2020
	\$'000	\$'000
Borrowings- Non-current	<u>2,728</u>	<u>1,716</u>

The above loan comprises of:

- (i) \$739k loan that have been advanced to the consolidated entity by a related party; and
- (ii) GBP 1,200k (equivalent to \$2,210k) from National Westminster Bank, United Kingdom with an interest rate of 2.05% per annum. This loan is repayable by June 2026 with repayment starting from August 2021 with current portion of loan as at 30 June 2021 of \$221k.

The loan from related party is interest free, unsecured and is repayable on 1 April 2023.

Note 11. Non-current liabilities - lease liabilities

	Consolidated	
	30 June 2021	31 Dec 2020
	\$'000	\$'000
Lease liability	<u>185</u>	<u>23</u>

Note 12. Equity - issued capital

	Consolidated			
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>220,453,779</u>	<u>201,363,024</u>	<u>27,399</u>	<u>26,861</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 January 2021	201,363,024		26,861
Placement of shares	4 June 2021	19,090,755	\$0.03	573
Cost of raising the capital		-	\$0.00	(35)
Balance	30 June 2021	<u>220,453,779</u>		<u>27,399</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.

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Notes to the consolidated financial statements
30 June 2021

Note 13. Contingent assets

On 17 May 2021, the Group sold its on-premises Acute hospital queue management business to Canadian based medical technology company Vitalhub Inc. £428k (equivalent to \$788k) of consideration receivable, which was equivalent to the recurring annual revenue attributable to such Customer Contracts multiplied by 3.1 which was invoiced but unsettled at the point-of-Sale completion, is held in escrow and is contingent upon a future event taking place (the receipt of cash from customers). On proof of settlement these Escrow held recurring revenue amounts will be released on request. The contingent asset has not been recognised as a receivable at 30 June 2021 because the receipt of the additional consideration is not virtually certain.

Note 14. Events after the reporting period

Jayex Technologies Limited (JTL) has signed a binding agreement for the investment of US\$2 million in cash into Brainworks' Foundry, Inc. as announced on 30 July 2021. Under the terms of the binding Heads of Agreement, Jayex has agreed to subscribe for up to an aggregate 14% equity interest in Brainworks through initial subscription of its 617,283 shares at an issue price of USD 0.81 each for a total consideration of US\$0.5 million and three subsequent exclusive options (Options), to subscribe in each tranche for 617,283 shares at an issue price of USD 0.81 per share for a total consideration of USD 1.5million. Each Option may be exercisable by Jayex separately but all within a period of 4 months following execution of the Agreement.

On 16 August 2021, JTL has announced a non-renounceable entitlement issue of one (1) New Share for every three (3) existing Share held by Eligible Shareholders on the 11 August 2021 at an issue price of \$0.025 per New Share to raise approximately \$1,837,115. The offer will close on 15 September 2021.

No other matter or circumstance has arisen since 30 June 2021 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 15. Earnings per share

	Consolidated	Consolidated
	30 June 2021	30 June 2020
	\$'000	\$'000
<i>Earnings per share for profit/(loss) from continuing operations</i>		
Profit/(loss) after income tax attributable to the owners of Jayex Technology Limited	<u>(1,602)</u>	<u>17</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>204,090,275</u>	<u>175,085,246</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>204,090,275</u>	<u>175,085,246</u>
	Cents	Cents
Basic earnings per share	(0.78)	0.01
Diluted earnings per share	(0.78)	0.01
	Consolidated	Consolidated
	30 June 2021	30 June 2020
	\$'000	\$'000
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of Jayex Technology Limited	<u>(750)</u>	<u>(122)</u>

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Notes to the consolidated financial statements
30 June 2021

Note 15. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(0.37)	(0.07)
Diluted earnings per share	(0.37)	(0.07)
	Consolidated	
	30 June 2021	30 June 2020
	\$'000	\$'000
<i>Earnings per share for loss</i>		
Loss after income tax attributable to the owners of Jayex Technology Limited	<u>(2,352)</u>	<u>(105)</u>
	Cents	Cents
Basic earnings per share	(1.15)	(0.06)
Diluted earnings per share	(1.15)	(0.06)

Contingently issuable shares related to convertible notes and options are not included in the diluted earnings per share calculation as they are anti-dilutive.

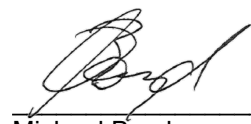
Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Directors' declaration
30 June 2021

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 2021 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

31 August 2021

Jayex Technology Limited

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Jayex Technology Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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, a summary of significant accounting policies¹ 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 Technology Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2021 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*.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$2,352,000 during the half year ended 30 June 2021 and, as of that date, the Group's net cash outflows used in operations was \$832,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

ACCOUNTANTS & ADVISORS

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Melbourne VIC 3000

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Responsibility of Management 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.

Auditor's Responsibilities 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 Company's financial position as at 30 June 2021 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*.

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.

**William Buck Audit (Vic) Pty Ltd**

ABN: 59 116 151 136

**J.C. Luckins**

Director

Melbourne, 31 August 2021