

ABN 58 639 242 765

Singular Health Group Limited

Interim Financial Report - 31 December 2023

Singular Health Group Limited
Corporate directory
31 December 2023

Directors	Mr Howard Digby - Chairman and Non-Executive Director Mr Denning Chong - Managing Director and Chief Executive Officer Mr Andrew Just - Non-Executive Director
Company secretary	Mr Steven Wood
Registered office	Level 5, 191 St Georges Terrace, Perth WA 6000
Principal place of business	2/41 Discovery Drive, Bibra Lake, WA 6163 Telephone: 1300 167 975 Email: support@singular.health Website: http://singular.health
Share registry	Automic Group Level 5, 191 St Georges Terrace Perth WA 6000
Auditor	Nexia Perth Audit Services Pty Ltd Level 3, 88 William Street Perth WA 6001
Bankers	Australian and New Zealand Banking Group Limited (ANZ) Level 5, 240 St Georges Terrace Perth WA 6000
Stock exchange listing	Australian Securities Exchange (ASX code: SHG)
Website	http://singular.health

Singular Health Group Limited

Directors' report

31 December 2023

The Directors present their Interim Financial Report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Singular Health Group Limited (referred to hereafter as 'Singular Health', the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were Directors of Singular Health Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Howard Digby	Chairman and Non-Executive Director
Mr Denning Chong	Managing Director and Chief Executive Officer
Mr Andrew Just	Non-Executive Director

Review of operations

During H1 FY2024, the principal continuing activities of the Group consisted of:

1. Establishment of Enterprise Distribution Channels;
2. Sales and Marketing of 3Dicom;
3. Corporate Activities;
4. Quality and Regulatory;
5. Ongoing Product Development; and
6. Global3D – Hardware Sales & 3D Printing Services.

1. Establishment of Enterprise Distribution Channels

Following the Company's inaugural diagnostic clearance, a US FDA510(k) premarket approval for the 3Dicom MD[®] software in H1 FY2023, and subsequent regulatory hurdles such as FDA Facility registration, appointment of a US-based Agent, and creation of a Unique Device Identifier in H2 FY2023, the primary focus of the Company's operations in FY2024 YTD has been the commercialisation of the 3Dicom software, especially within the United States of America.

Prior to the diagnostic approval, the Company was not able to effectively commercialise the 3Dicom software through enterprise distribution channels in the United States and had relied upon direct-to-consumer sales online as a non-diagnostic software.

Singular Health continues to utilise this direct-to-consumer online channel as an organic source of customer acquisition, however the nature of the Company's product requires enterprise customers, such as advocacy groups, hospitals, Universities, buyer's organisations, and federal agencies to achieve the level of scale to provide the network effects, interconnectivity, and end-to-end implementation to establish a meaningful market share in the vast US healthcare market and obtain multi-year, large total contract value contracts.

With this in mind, the Company made a concerted, strategic decision in second quarter of 2023 to develop various distribution channels to improve access to enterprise customers. This ultimately led to the Company being introduced to Charlie Golf One Solutions LLC ("CG1") in Miami, Florida through Singular Health's growing Global Sales Partner Program and establishing a close working relationship with CG1 to explore opportunities in both the commercial and public sector markets for the 3Dicom software solutions.

Singular Health appointed CG1 as a Master Distributor for the United States on 6 July 2023. CG1's Master Distributor Agreement provides CG1 exclusivity over five nominated States within the United States of America, being Florida, North Carolina, Georgia, Texas, and Nevada, with the ability to unlock further territories upon the achievement of certain revenue-based milestones.

Through CG1, the Company was also introduced to Seventeen Consulting, based in Washington DC. Founded and managed by Angela Webb, a professional with more than 17 years' experience commercialising technology in the public sector, Seventeen Consulting was appointed as the Company's preferred Sales Partner in the second quarter of 2023 and has continued to facilitate marketing activities and general awareness of the Company and its product throughout H1 FY2024 as further detailed below.

Singular Health Group Limited
Directors' report
31 December 2023

In addition to the appointment of CG1 and Seventeen Consulting in the United States, the previously established 3Dicom Global Sales Partner Program continued to grow with the appointment of Sales Partners in the Middle East, South-East Asia, and Africa. Designed to incentivise in-country representation with minimal capital expenditure, through a commissions-based remuneration structure, the Global Sales Partner program saw a large number of enterprise sales opportunities during the half-year which continue to be evaluated.

From a technical standpoint, concurrent with the appointment of the US Master Distributor and Sales Partners, technical development was carried to update the Company's in-house licensing and subscription management software to enable bulk-onboarding, enterprise customer branding, and a Sales Partner portal to track opportunities, commissions, and submit enterprise purchase orders and invoicing.

This operational focus on establishing enterprise distribution channels saw initial validation with the Company receiving an initial enterprise contract for Majmaah University in Saudi Arabia in late December 2023, and two binding enterprise purchase orders from the United States via CG1 in January and February 2024.

2. Sales and Marketing of 3Dicom

The Company also attended and exhibited at events both domestically and internationally during the half-year, in addition to new marketing materials and videos to communicate the benefits of the Company's software solutions.

A trip to the United States in early July 2023 by Singular Health's Chief Operating Officer, James Hill, and Global Partnership Manager, Dr Martina Mariano not only encompassed the signing of the US Master Distributor Agreement, but also consisted of numerous meetings in Miami and Washington DC with prime contractors, university faculties, hospital administrators, politicians, and sales and marketing sessions with the CG1 and Seventeen Consulting teams.

Following the July presentation in the United States, significant product feedback was obtained directly from patients, healthcare providers, and payers. Refer to Ongoing Product Development within Section 5 below for further information.

Equipped with this feedback, a new beta-version of the 3Dicom Patient software, and leveraging several key stakeholders, Singular's team returned to the United States for a week in mid-August for the 2023 Defense Health Information Technology Symposium (DHITS) sponsored by the US Government's Defense Health Agency in New Orleans, Louisiana.

The Company also participated in a number of virtual marketing events together with Sony Electronics as the preferred diagnostic medical imaging software provider for their Sony Spatial Reality Display (SRD) with Singular Health's Chief Technology Officer, Mr Thomas Morrell, and CG1's Managing Partner, Mr Edwin Rivera, participating in the VRARA Annual Healthcare Conference and Sony's Tech Tuesday webinar in the United States.

Together with one of the Company's Sales Partners, Cloudatomy Pvt. Ltd., in India, the Company also virtually attended the exclusive launch of the Sony SRD in India at which 3Dicom MD[®] was prominently featured.

Singular Health's key focus of leveraging the in-country expertise and physical "boots-on-the-ground" presence provided by Sales Partners and Master Distributors has led to a reduction in direct marketing spend, with lower expenditure on digital marketing campaigns, and an increase in the in-house production of scalable, culturally contextualised marketing materials along with international tradeshow representation.

3. Corporate Activities

During the half-year, Singular Health streamlined operations with a simplification of the Group structure to consolidate activities, reduce corporate overheads and reporting obligations, and provide greater control over the Group's operations.

These activities included:

Singular Health Group Limited

Directors' report

31 December 2023

- Dissolution of Singular Health's Singaporean joint venture, Singular Health SEA Pte. Ltd, with Scrubs Pte. Ltd. in Singapore;
- Singular Health's Singapore based entity, Singular Health Pte. Ltd., has been made dormant to reduce corporate overheads;
- Dissolution of Singular Health's GeoVR joint venture, GeoVR Pty. Ltd., by mutual agreement with Terracentric Pty Ltd and Flowcentric Pty Ltd. Each party shall retain non-exclusive, commercial rights to the foreground IP generated from the GeoVR joint venture;
- Divestment of 25% shareholding in Australian Additive Engineering (**AAE**) medical 3D printing facility in Melbourne, and
- Consolidation of office space in Perth to Bibra Lake address, bringing medical software development and medical 3D printing under the same roof and saving ~\$100,000 per annum.

On 29 June 2023, the Company announced the appointment of Nexia Perth Audit Services Pty Ltd (**Nexia**) as the Company's auditor, following the resignation of the Company's previous auditor Moore Australia Audit (**Moore**) Nexia's appointment was ratified at Singular Health's AGM held in November 2023.

In mid-August 2023, following meetings in Miami in July and on the sidelines of the DHITS event in mid-August, Singular Health's newly appointed Master Distributor CG1 announced their intent to participate in a strategic private placement of up to AUD\$850,000, subject to approval received at the Company's AGM.

This investment by CG1 demonstrated a high level of confidence in Singular Health's product and team from CG1, particularly given the short period of time between the execution of the Master Distributor Agreement and the placement, which was conducted at a 40% premium to the 14-day VWAP at the time.

The private placement by CG1 was approved at the Company's AGM in November and CG1 subsequently elected to commit to the full quantum of AUD\$850,000 via a series of monthly instalment that was concluded subsequent to the end of the half-year in February 2024.

On 13 November 2023, Ms Kyla Garic of Onyx Corporate was appointed as Chief Financial Officer.

4. Quality and Regulatory

Having secured the US FDA510(k) clearance for the 3Dicom MD[®] product in H1 FY23, and with the official receipt of ISO13485:2016 and Medical Device Single Audit Program (**MDSAP**) certification in H2 FY23, the H1 FY 2024 saw more of an evolution of the existing Quality Management System (**QMS**) to keep progress with the product development and maintain the high levels of quality in software development and processes required to retain the certifications.

In the beginning of the year 2023, the Company underwent an internal audit whilst at the previous Subiaco address, which was also the address registered as a medical manufacturing site (for software) with the FDA. The decision to migrate the software development operations to the Bibra Lake office location triggered a site verification audit by Singular Health's certifying body, the British Standards Institute ("**BSI**") which was scheduled for December 2023 to coincide with the mandatory annual surveillance audit of the Quality Management System.

During the two months preceding the BSI audit, the Company engaged a regulatory consultant to assist with continual improvements to the QMS and to ensure that the change to the new facility would be compliant. The BSI Audit held in December 2023 lasted 5 days on-site with an extremely thorough review of the QMS, facility, and staff. The Company has been notified that the audit did not present any critical issues that would delay, nor deny, the reissuance of the ISO13485:2016 and MDSAP certification.

5. Ongoing Product Development

As briefly mentioned in Section 2 above, a significant number of current and potential customer interactions were had both in person and virtually during the half-year by Singular Health's key management personnel and the Company's appointed representatives within various countries and critically, within the fragmented United States healthcare market.

A recurring issue that was discussed was the lack of portability of patient's medical images when transferring between two different medical institutions. For example, a medical imaging centre not covered by the same payer (and therefore not sharing the same backend servers / medical imaging exchange) sharing patient imaging to a 3rd party hospital, or the out-of-State 'medical tourists' in Miami who were seen first-hand at the airport carrying physical copies of their medical images.

The 3Dicom MD[®] solution already contained an early version of the Company's proprietary Medical File Transfer Protocol (**MFTP**) prior to the half-year end and the Company already had a mobile application for iOS and Android, however it wasn't originally intended for the storage and on-sharing of medical images.

Given the initial iteration, the MFTP was capable of sharing medical images within 3Dicom MD. This was identified as one of the major problems faced by potential enterprise customers in the United States. As a result, a concerted effort was made throughout the half-year to make the following improvements:

3Dicom MD[®]

- Improved connectivity to hospital Picture Archiving and Communications Server (**PACS**),
- Updated User Interface (**UI**) to improve overall experience,
- Addition of cloud storage for scans and cross-device syncing of User presets and settings,
- Added native integration with Sony Spatial Reality Display (**SRD**), and
- 50% improvement to imaging sharing flow, reduce consulting time required to share images.

3Dicom Patient & 3Dicom R&D - Non-Diagnostic 3Dicom Desktop Applications

- Addition of meaningful colour presets for improved patient comprehension and 3D visualisation,
- Improved onboarding and sign-up process with updated Launcher application for Windows & MacOS,
- Optimisation of software to work with wider range of consumer electronics,
- Added ability to store medical imaging in the cloud with new pay-per-scan-per-year model for easy access and download across various devices, and
- Added ability to share scans to 3Dicom MD[®] users so patients can share images with doctors for cross-institution file sharing and to seek second opinion without duplicate medical imaging.

3Dicom Mobile

- Improvements to sign-in methods with Google, Apple, and Microsoft Single Sign On (**SSO**) methods being added in addition to Biometric methods such as FaceID and TouchID,
- Increased compatibility and functionality with patients now being able to receive, view, and on-share JPGs, MP4s, PDFs that are received in connection with a medical imaging exam,
- Improved user interface and user experience with new design, and
- Added cloud storage and scan transfer processes to allow patients to store images in the cloud and then download on demand to view their medical images in 2D and 3D on their mobile device.

Throughout the half-year and beyond, ongoing technical development is dedicated to enhancing the 3Dicom software. This comprehensive ecosystem aims to facilitate easier visualisation, accessibility, and portability of medical imaging.

In addition to the technical development and software releases, the Company engaged Patenteur to lodge a patent application for the proprietary MFTP system. This was successfully lodged in December 2023 and is currently progressing through the review stage to protect the methods by which MFTP operates.

6. Global3D – Hardware Sales & 3D Printing Services

Singular 3DP Pty Ltd, the 3D printing subsidiary which owns and operates the Global3D brand and facility acquired in early CY2023, effectively operated as two distinct divisions during the half-year; hardware sales as an authorised reseller of 3D Systems, Kings 3D and DyeMansion, and as a 3D printing service bureau providing design and print services to the medical and industrial sectors.

The hardware sales division, led by Director of Sales at Global3D, Mr Paul Cummings, was directly responsible for a significant proportion of the Company's gross revenue with six 3D printing hardware sales during the half-year equating to ~\$583,178 of gross revenue although gross profit margin was only \$48,391 due to increased shipping and duties, commissions, and a delayed receipt of funds from customers.

Due to significant shipping delays caused by tensions in the Middle East during the half-year, customer orders were substantially delayed. Three of the six machines, whilst ordered early in beginning of year 2023, have only been installed and paid for in full subsequent to the end of the half-year. One of the six machines ordered in H1 FY2024 has been received (but not commissioned) by the customer, however Singular Health is yet to receive the funds due to financing issues relating to the delays and broader macro-economic climate.

The Company anticipates the receipt of the full amount of the machine prior to its anticipated commissioning in H2 FY2024.

Global3D's 3D printing service bureau underperformed during the half-year with a slowdown in medical 3D printing sales being compounded by mechanical issues with the large format SLS printer for ankle foot orthotics and structural components. During the half-year, Global3D hired a new 3D printing technician and designer following the resignation of the incumbent technical director and 3D printing technician. These changes, combined with new standard operating procedures and the addition of lower cost resulted in, multiple material 3D printers starting to show signs of improvement in both sales orders and profitability.

During the latter part of the half-year, the Company sought offers for the large format SLS and SLA 3D printers and continues post-period to reduce the loans in the Global3D entity through the sale of the larger format, single material 3D printers that have shown a lower return on capital than originally anticipated.

The loss for the Group, after providing for income tax, for the half-year ended 31 December 2023, amounted to \$1,136,195 (2022 :\$3,030,919).

Significant changes in the state of affairs

Refer to review of operations for significant changes in the state of affairs during the half-year. The Company finalised an agreement to dispose of its 25% shareholding in Melbourne-based Australian Additive Engineering Pty Ltd in consideration of \$70,000. Additionally, it also divested the 50% shareholding in GeoVR Pty Ltd.

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

Matters subsequent to the end of the financial half-year

DATE	DETAILS
7 January 2024	<i>Expired of 1,000,000 unlisted options.</i> 300,000 exercisable at \$0.40 300,000 exercisable at \$0.50 and 400,000 exercisable at \$0.60
10 January 2024	Issue of 4,500,000 Performance Rights to Marin and Sons, as approved at 2023 Annual General Meeting.
11 January 2024	<i>First 3Dicom US Enterprise sales received in United States:</i> The Company received a binding purchase order for 5,000 3Dicom Patient licenses for use by Veterans in the Miami-Dade County, Florida.
17 January 2024	<i>Release of escrowed shares and resignation of Joint Company Secretary:</i> The Group released 3,300,000 previously issued fully paid ordinary shares from escrow. Ms Sujana Karthik resigned as Joint Company Secretary.
1 February 2024	<i>First Enterprise sale in United States medical education:</i> The Company received a binding purchase order for a 2-year provision of 25 x 3Dicom R&D (Annual) licenses and 2,500 x 3Dicom Patient (Annual) licenses each year. The total value of the contract is ~ USD\$100,000.
8 February 2024	Completion of AUD\$850,000 placement from CG1 Ventures and resultant issue of 15,454,545 shares at \$0.0055 per share and 7,727,272 unlisted options exercisable at \$0.10 and expiring three years from the date (9 February 2027), free attaching to placement shares. AUD\$200,000 from Radium Capital for an R&D funding facility secured against the FY 23/24 R&D tax incentive refund.
9 February 2024	<i>Appointment of Chief Commercial Officer:</i> The Company appointed Martina Mariano, PhD, MAICD as the Company Chief Commercial Officer to develop potential sales opportunities in the United States, Middle East, and India.
14 February 2024	<i>\$4.05 million capital raising announced:</i> The Company announced it had received a firm commitment to raise \$4.05m at \$0.11 per share to be used to accelerate United States commercialisation including sales and marketing, development of Medical Artificial Intelligence (AI)-in-the-Cloud system and working capital requirements.
20 February 2024	<i>Retains ISO 13485:2016 certification at new facility:</i> The Company has successful re-issuance of ISO 13484:2016 certificate for the design and development of software-as-a- medical device for diagnostic review, and continued compliance with regulatory and quality requirements of Health Canada, the Therapeutic Goods Administration (Australia), and Food and Drug Agency through the Medical Device Single Audit Program (MDSAP)
21 February 2024	<i>\$4.05 million capital raising completed:</i> The Company announced it had completed the capital raising previously announced on 14 February 2024. The Company raised \$4.05 million via issue of 37,483,101 fully paid ordinary shares at \$0.11 per share. The Company also issued 766,267 shares on the exercise of \$0.10 options, 150,000 performance rights were converted to shares, and 188,877 new shares were issued under the Company's employee incentive plan.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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.

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 dollar.

Singular Health Group Limited
Directors' report
31 December 2023

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

On behalf of the Directors



Denning Chong
Managing Director

28 February 2024

To the Board of Directors of Singular Health Group Limited

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

As lead auditor for the review of the financial statements of Singular Health Group Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



Nexia Perth Audit Services Pty Ltd



Justin Mulhair

Director

Perth

28 February 2024

Advisory. Tax. Audit.

ACN 145 447 105

Nexia Perth Audit Services Pty Ltd (ABN 27 145 447 105) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

Singular Health Group Limited

Contents

31 December 2023

Consolidated statement of profit or loss and other comprehensive income	11
Consolidated statement of financial position	12
Consolidated statement of changes in equity	13
Consolidated statement of cash flows	14
Notes to the consolidated financial statements	15
Directors' declaration	31
Independent auditor's review report to the members of Singular Health Group Limited	32

General information

The financial statements cover Singular Health Group Limited as a Group consisting of Singular Health Group Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2023. The financial statements are presented in Australian dollars, which is Singular Health Group Limited's functional and presentation currency.

Singular Health Group 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

Level 5, 191 St Georges Terrace,
Perth WA 6000

Principal Place of Business

2/41 Discovery Drive,
Bibra Lake, WA 6163
Telephone: 1300 167 975
Email: support@singular.health
Website: <http://singular.health>

A description of the nature of the Group'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 28 February 2024.

Singular Health Group Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Revenue	4	761,913	63,951
Joint arrangement and interest in associates		-	13,689
Other income	5	978,361	414,219
Interest revenue calculated using the effective interest method		2,098	1,341
Finance income	11	302,174	-
Expenses			
Cost of sales		(564,306)	-
Selling and marketing expenses		(158,416)	(134,877)
Patent, research and development expenses		(217,191)	(364,233)
Consultancy and subcontractor fees		(126,801)	(111,994)
Accountancy, audit, and legal expenses		(121,403)	(228,549)
Administration expenses		(135,535)	(113,367)
Depreciation and amortisation expense		(270,956)	(134,595)
Employee and director benefit expenses		(611,726)	(792,245)
Finance costs		(111,650)	(335,617)
Share based payments	14	(781,315)	(1,296,561)
Impairment on loan		(2,200)	-
Transaction expenses		(61,000)	-
Other expenses		(18,242)	(12,081)
Loss before income tax expense		(1,136,195)	(3,030,919)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Singular Health Group Limited		(1,136,195)	(3,030,919)
Other comprehensive income (loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(3,107)	(85)
Other comprehensive income (loss) for the half-year, net of tax		(3,107)	(85)
Total comprehensive income (loss) for the half-year attributable to the owners of Singular Health Group Limited		(1,139,302)	(3,031,004)
		Cents	Cents
Basic earnings per share		(0.81)	(2.81)
Diluted earnings per share		(0.81)	(2.81)

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

Singular Health Group Limited
Consolidated statement of financial position
As at 31 December 2023

	Note	31 December 2023 \$	30 June 2023 \$
Assets			
Current assets			
Cash and cash equivalents		32,428	691,513
Trade and other receivables	6	693,179	76,186
Other assets	7	109,517	86,412
Inventories		811,391	129,287
Total current assets		1,646,515	983,398
Non-current assets			
Investments accounted for using the equity method		-	70,000
Property, plant, and equipment		658,520	740,335
Right-of-use assets		108,839	128,678
Intangibles	8	861,872	1,046,547
Other assets	7	29,618	29,618
Total non-current assets		1,658,849	2,015,178
Total assets		3,305,364	2,998,576
Liabilities			
Current liabilities			
Trade and other payables	9	1,276,357	333,392
Contract liabilities	10	538,669	6,633
Borrowings	11	1,205,942	2,236,000
Provisions		96,610	86,147
Lease liabilities		29,837	42,086
Total current liabilities		3,147,415	2,704,258
Non-current liabilities			
Lease liabilities		87,295	92,815
Borrowings	11	123,272	139,611
Total non-current liabilities		210,567	232,426
Total liabilities		3,357,982	2,936,684
Net assets/(liabilities)		(52,618)	61,892
Equity			
Issued capital	12	12,130,064	11,977,564
Reserves	13	5,091,019	4,221,834
Accumulated losses		(17,273,701)	(16,137,506)
Total equity/(deficiency)		(52,618)	61,892

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

Singular Health Group Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

	Issued capital \$	Options and performance rights reserves \$	FX translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	9,526,669	3,376,290	(4,551)	(11,149,705)	1,748,703
Loss after income tax expense for the half-year	-	-	-	(3,030,919)	(3,030,919)
Other comprehensive income (loss) for the half-year, net of tax	-	-	(85)	-	(85)
Total comprehensive income (loss) for the half-year	-	-	(85)	(3,030,919)	(3,031,004)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	536,607	-	-	-	536,607
Share-based payments (note 14)	-	1,296,561	-	-	1,296,561
Balance at 31 December 2022	10,063,276	4,672,851	(4,636)	(14,180,624)	550,867
	Issued capital \$	Options and performance rights reserves \$	FX translation reserve \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2023	11,977,564	4,226,487	(4,654)	(16,137,506)	61,891
Loss after income tax expense for the half-year	-	-	-	(1,136,195)	(1,136,195)
Other comprehensive income (loss) for the half-year, net of tax	-	-	(3,107)	-	(3,107)
Total comprehensive income (loss) for the half-year	-	-	(3,107)	(1,136,195)	(1,139,302)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 12)	400,000	-	-	-	400,000
Fair Value adjustment on business combination (note 12)	(247,500)	-	-	-	(247,500)
Issue of options on business combination (note 17)	-	90,978	-	-	90,978
Share-based payments (note 14)	-	781,315	-	-	781,315
Balance at 31 December 2023	12,130,064	5,098,780	(7,761)	(17,273,701)	(52,618)

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

Singular Health Group Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		740,376	63,951
Payments to suppliers and employees (inclusive of GST)		(1,945,564)	(1,723,572)
Government grants received		978,360	414,219
Interest and other finance costs paid		(216,794)	(759)
Net cash used in operating activities		(443,622)	(1,246,161)
Cash flows from investing activities			
Payments for property, plant, and equipment		(63,301)	-
Proceeds from disposal of joint venture		70,000	-
Net cash from investing activities		6,699	-
Cash flows from financing activities			
Proceeds from issue of shares	12	400,000	536,607
Proceeds from un-issued shares		27,742	-
Proceeds from issue of convertible notes		-	800,000
Proceeds from borrowings		630,467	-
Proceeds from related parties		25,239	-
Repayment of convertible notes		(800,000)	-
Repayment of borrowings		(474,998)	(2,063)
Repayment of lease liabilities		(30,612)	(36,956)
Net cash from/(used in) financing activities		(222,162)	1,297,588
Net increase/(decrease) in cash and cash equivalents		(659,085)	51,427
Cash and cash equivalents at the beginning of the half-year		691,513	1,139,935
Effects of exchange rate changes on cash and cash equivalents		-	655
Cash and cash equivalents at the end of the half-year		32,428	1,192,017

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

Note 1. Summary of significant accounting policies

(a) Basis of preparation

These general-purpose financial statements for the half-year reporting period ended 31 December 2023 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 30 June 2023 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 accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of fair value of business combination, financial assets, and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant, and equipment and derivative financial instruments.

Critical accounting estimates

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2023 except those mentioned in **note 2**.

New or amended Accounting Standards and Interpretations adopted

The Group 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.

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

Statement of Compliance

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

Going concern

These financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, for the half-year ended 31 December 2023, the Group incurred a loss of \$1,136,195 (31 Dec 2022: \$3,030,919), had net cash outflows from operating activities of \$443,622 (31 Dec 2022: \$1,246,161) and had a net asset deficiency of \$52,618 (30 June 2023: net assets \$61,892) as at 31 December 2023. Usually, these conditions indicate the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, however, subsequent to 31 December 2023, the Group has successfully raised \$850,000 (refer ASX announcement 8 February 2024) and \$4,123,142 (refer ASX announcement 21 February 2024) as additional working capital. The Company has prepared a cash flow forecast which indicates based on the funds raised it is appropriate to prepare the financial statements on a going concern basis as there is sufficient funds available for the Group to carry out its planned activities.

Singular Health Group Limited
Notes to the consolidated financial statements
31 December 2023

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue, and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within this financial year are discussed in respective notes.

Note 3. Operating segments

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the consolidated Group. The Group's primary business segment is the provision of Volume Rendering Platform (VRP) software, providing advanced 3D printing services and 3D machine sales. The Group operates in one segment, which is the provision and development of medical technology within Australia.

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the chief operating decision makers - being the executive management team to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors. Operating segments have been identified based on the information provided to the chief operating decision makers.

Note 4. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	31 December 2023	31 December 2022
	\$	\$
<i>Major product lines</i>		
Machines sales	583,178	-
Software	107,230	52,727
Printing services	40,286	-
Others	31,219	11,224
	<u>761,913</u>	<u>63,951</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	583,178	-
Services transferred over time	178,735	63,951
	<u>761,913</u>	<u>63,951</u>

Singular Health Group Limited
Notes to the consolidated financial statements
31 December 2023

Note 5. Other income

	31 December 2023 \$	31 December 2022 \$
R&D Tax incentive rebate	977,259	414,219
Other income	1,102	-
Other income	978,361	414,219

Note 6. Trade and other receivables

	31 December 2023 \$	30 June 2023 \$
<i>Current assets</i>		
Trade receivables	627,556	6,326
Other receivables	65,623	9,307
BAS receivable	-	60,553
	693,179	76,186

Note 7. Other assets

	31 December 2023 \$	30 June 2023 \$
<i>Current assets</i>		
Prepayments	109,517	86,412
<i>Non-current assets</i>		
Security deposits	29,618	29,618
	139,135	116,030

Note 8. Intangibles

	31 December 2023 \$	30 June 2023 \$
<i>Non-current assets</i>		
Goodwill - at cost	684,340	776,033
Intellectual property - at cost	737,790	737,790
Less: Accumulated amortisation	(560,258)	(467,276)
	177,532	270,514
	861,872	1,046,547

Refer to **note 17** for the further information.

Singular Health Group Limited
Notes to the consolidated financial statements
31 December 2023

Note 8. Intangibles (continued)

Reconciliations

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

	Goodwill \$	Intellectual Property \$	Total \$
Balance at 1 July 2023	776,033	270,514	1,046,547
Fair value adjustments through business combinations (note 17)	(91,693)	-	(91,693)
Amortisation expense	-	(92,982)	(92,982)
Balance at 31 December 2023	684,340	177,532	861,872

Note 9. Trade and other payables

	31 December 2023 \$	30 June 2023 \$
<i>Current liabilities</i>		
Trade payables	965,558	161,002
Interest payable	610	-
BAS payable	19,449	-
Other payables and accrued expenses	290,740	172,390
	1,276,357	333,392

Note 10. Contract liabilities

	31 December 2023 \$	30 June 2023 \$
<i>Current liabilities</i>		
Contract liabilities	538,669	6,633

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$538,669 as at 31 December 2023 (\$6,663 as at 30 June 2023) and is expected to be recognised as revenue in a future period as follows.

	31 December 2023 \$	30 June 2023 \$
Within 6 months	538,669	6,663

Accounting policy - Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Singular Health Group Limited
Notes to the consolidated financial statements
31 December 2023

Note 11. Borrowings

	31 December 2023 \$	30 June 2023 \$
<i>Current liabilities</i>		
Loan - Radium Capital	-	435,069
Loan - Tremolat	560,000	560,000
Loan - Brightstar	500,000	-
Loan - related parties	18,303	1,283
Insurance premium funding	95,307	-
Convertible notes payable	-	1,102,174
Interest on convertible notes	-	106,520
Hire purchase	32,332	30,954
	<u>1,205,942</u>	<u>2,236,000</u>
<i>Non-current liabilities</i>		
Hire purchase	<u>123,272</u>	<u>139,611</u>
	<u>1,329,214</u>	<u>2,375,611</u>

Total secured liabilities

The total secured liabilities are as follows:

Details of the borrowing as described below:

Loan - Radium Capital

During the half-year, the amount owing to Radium Capital was fully repaid.

Loan - Tremolat Pty Ltd

Principal: \$560,000

Interest: 12% per annum, paid monthly

Term: 12 months (13 January 2023 to 13 January 2024) extended to 13 April 2024

Security: Secured against 3D Printing Plant and Equipment

Loan - Brightstar Corporation Pty Ltd

Principal: \$500,000

Interest: 15% per annum payable in equal monthly instalments in arrears

Term: 6 months (16 October 2023 to 16 April 2024)

Security: Secured against any present or future property, undertaking assets or revenues of the borrower.

Hire Purchase

Lender: HP Enterprise Financial Services

Principal: \$180,300

Interest: 4.76%

Term: 60 months

Security: Secured against Vapor Fuse Plant and Equipment

Singular Health Group Limited
Notes to the consolidated financial statements
31 December 2023

Note 11. Borrowings (continued)

Convertible notes payable

	31 December 2023	30 June 2023
	\$	\$
Reconciliation of the fair values at the beginning and end of the current half-year and financial year ended 30 June 2023 are set out below:		
Opening balance	1,208,694	-
Repayment of convertible notes and interest	(929,862)	-
Convertible notes	-	800,000
Capitalised interest (at 15% per annum ¹)	23,342	106,520
Finance (income)/cost ²	(302,174)	302,174
	<u>-</u>	<u>1,208,694</u>

¹ The capitalised interest represents the interest payable on the convertible notes. It is calculated based on 15% (per annum) of the face value of the convertible notes on issue, from issue date to 30 June 2023 and the maturity date of 15 August 2023. The interest expense of \$129,862 was redeemed at maturity date (15 August 2023).

² The finance cost of \$302,174 was recognised the discount value up to the maturity date of the convertible notes. The finance income of \$302,174 related to de-recognition of the convertible note which was fully repaid rather than converted into securities.

Settlement of Convertible Notes

Where notes are settled by issue of shares, the related financial liabilities are derecognised at their carrying value with the corresponding increase to share capital. Any costs incurred are recognised in profit or loss.

Where notes are settled by payment of cash the related financial liabilities are derecognised at their carrying value and the difference between total cash consideration paid and the carrying value of the financial liabilities derecognised is recognised in profit or loss.

Note 12. Issued capital

	31 December 2023	30 June 2023	31 December 2023	30 June 2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	141,310,265	134,037,538	12,887,577	12,735,077
Capital raising costs	-	-	(757,513)	(757,513)
	<u>141,310,265</u>	<u>134,037,538</u>	<u>12,130,064</u>	<u>11,977,564</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2023	134,037,538		11,977,564
Shares issued under Strategic Placement	10 November 2023	7,272,727	\$0.055	400,000
Fair value adjustment on business combination note 17	31 December 2023	-		(247,500)
Balance	31 December 2023	<u>141,310,265</u>		<u>12,130,064</u>

Singular Health Group Limited
Notes to the consolidated financial statements
31 December 2023

Note 13. Reserves

	31 December 2023	30 June 2023
	\$	\$
Foreign currency reserve	(7,761)	(4,653)
Share-based payments reserve	3,777,121	3,206,405
Performance rights reserve	1,321,659	1,020,082
	<u>5,091,019</u>	<u>4,221,834</u>

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Equity settled share-based payment reserve	31 December 2023		30 June 2023	
	\$	No.	\$	No.
Options reserve	3,777,121	69,877,281	3,206,405	50,740,918
Performance rights reserve	1,321,659	26,400,000	1,020,082	16,900,000
Total equity settled share-based payment reserve	<u>5,098,780</u>	<u>96,277,281</u>	<u>4,226,487</u>	<u>67,640,918</u>

Reconciliation of movement in share-based payment reserves

Performance rights	Issue date	No.	\$
Balance at 1 July 2022		10,000,000	987,111
Performance Rights granted during the year	28/11/2022	3,900,000	235,190
Performance Rights granted during the year	14/12/2022	3,000,000	81,489
Vesting of employee performance rights		-	716,292
Change in valuation of Class A performance rights		-	(1,000,000)
Balance at 30 June 2023		<u>16,900,000</u>	<u>1,020,082</u>
Performance Rights granted during the period (grant date: 10 Nov 2023) ¹	08/12/2023	10,000,000	36,324
Performance Rights granted/mutually agreed during the period (agreed date: 20 Sep 2023)		4,500,000	7,433
Performance rights Class A expired (expired date: 31 Dec 2023)		(5,000,000)	-
Vesting of employee performance rights		-	257,820
Balance at 31 December 2023		<u>26,400,000</u>	<u>1,321,659</u>

¹ Note, 3.6 million performance rights to be issued, subject to refreshing the ESOP and shareholder approval post 31 December 2023.

Singular Health Group Limited
Notes to the consolidated financial statements
31 December 2023

Note 13. Reserves (continued)

Options	Issue date	No.	\$
Balance at 1 July 2022		22,820,000	2,389,179
Vesting expense – Options issued to other key management personnel and consultant as incentive-based remuneration	12/02/2021	-	238,188
Vesting expense – Options issued to Directors as incentive-based remuneration	12/02/2021	-	595,246
Options issued to Referrers in respect of convertible notes	03/08/2022	800,000	24,444
Options issued to Consultants in respect of advisory work	28/11/2022	5,000,000	295,000
Free attaching transaction options to Global 3D (grant date: 25 January 2023)	16/06/2023	1,720,000	-
Free attaching options issued as part of capital raise	16/06/2023	15,240,918	-
Options issued to Consultants in respect of promotional activities and associated activities	16/06/2023	500,000	8,983
Options issued to Lead Manager in respect of capital raise	16/06/2023	3,500,000	62,883
Free attaching options issued Grange Consulting	16/06/2023	1,200,000	-
Lapsed Options		(40,000)	(5,000)
Expired Options		-	(402,518)
Balance at 30 June 2023		50,740,918	3,206,405
Valuation on options issued to Global 3D for business combination (note 17)		-	90,976
Options granted to key management personnel and consultant (grant date: 10/11/2023) ²	08/12/2023	15,500,000	479,740
Free attaching options issued to Brightstar Corporation Pty Ltd (grant date: 16 June 2023)	14/08/2023	3,636,363	-
Balance at 31 December 2023		69,877,281	3,777,121

² Note, 4 million options to be issued, subject to refreshing the ESOP and shareholder approval post 31 December 2023.

Note 14. Share-based payments

Recognised share-based payment expense

	31 December 2023	31 December 2022
	\$	\$
Total share-based payment expense	781,315	1,296,561

Unlisted options granted during the half-year

Set out below are summaries of options granted during the half-year:

Class of options	Grant date	No. of options
Unlisted options issued to directors and employees ¹	10/11/2023	15,500,000

¹ Note, 4 million options to be issued, subject to refreshing the ESOP and shareholder approval post 31 December 2023.

Singular Health Group Limited
Notes to the consolidated financial statements
31 December 2023

Note 14. Share-based payments (continued)

For the options granted during the current financial half-year, the Black-Scholes valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
10/11/2023	09/11/2027	\$0.041	\$0.008	100.00%	-	4.30%	\$0.025

Performance rights granted during the half-year

Performance rights granted during the half-year 31 December 2023 as share-based payments are follows:

Tranche	Class of securities	Grant date	No. of securities	Exercise price	Expiry date
Class A	Consultant performance rights	20/09/2023	2,000,000	Nil - convert to ordinary shares on achievement of non-market conditions.	2 years from date of issue
Class B	Consultant performance rights	20/09/2023	2,500,000	Nil - convert to ordinary shares on achievement of non-market conditions.	2 years from date of issue
B1	Employees' performance rights	10/11/2023	400,000	Nil - convert to ordinary shares subject to employment conditions.	4 years from date of issue
B2	Employees' performance rights	10/11/2023	400,000	Nil - convert to ordinary shares subject to employment conditions.	4 years from date of issue
B3	Employees' performance rights	10/11/2023	800,000	Nil - convert to ordinary shares subject to employment conditions.	4 years from date of issue
A1	KMP and employees' performance rights ²	10/11/2023	3,000,000	Nil - convert to ordinary shares on achievement of market conditions	4 years from date of issue
A2	KMP and employees' performance rights ²	10/11/2023	3,000,000	Nil - convert to ordinary shares on achievement of market conditions	4 years from date of issue
A3	KMP and employees' performance rights ²	10/11/2023	3,000,000	Nil - convert to ordinary shares on achievement of market conditions	4 years from date of issue
A4	KMP and employees' performance rights ²	10/11/2023	3,000,000	Nil - convert to ordinary shares on achievement of market conditions	4 years from date of issue

18,100,000

² 900,000 Tranche A1
900,000 Tranche A2
900,000 Tranche A3
900,000 Tranche A4

A total of 3.6 million performance rights to be issued, subject to refreshing the ESOP and shareholder approval post 31 December 2023.

Note 14. Share-based payments (continued)

The performance conditions for the performance rights are set out below:

Security	Performance conditions
Class A	<p>Milestone A: In the event of signed binding unconditional contract for the 1st paid pilot/contract (minimum annual contract value of USD\$250,000) with any USA based hospital within 12 months of engagement of the consultant.</p> <p>Milestone C: In the event of signed binding unconditional contract with a minimum of USD\$350,000 annual contract with a National Healthcare Organisation (such as the HCA), that has more than 7 clinics spread over more than 1 State of United States of America, all class A will vest immediately and immediately convert on one-for one basis into 2 million shares.</p>
Class B	<p>Milestone B: Subject to Milestone A above, 500,000 Class B will vest and immediately convert on a one-for one basis into 500,000 shares, with such milestone being capable of met multiple times (up to five) upon further and additional contracts being entered by the Company in satisfaction of this milestone up to an aggregate of 2,500,000 Class B performance rights vesting in accordance with these terms.</p> <p>Milestone C: In the event of signed binding unconditional contract with a minimum of USD\$350,000 annual contract with a National Healthcare Organisation (such as the HCA), that has more than 7 clinics spread over more than 1 State of United States of America, the remaining of 2,500,000 Class B will vest immediately and immediately convert on one-for one basis into 2.5 million shares.</p> <p>The Management has assessed the probability of the Class A milestones being as 35% and 0% for Class B.</p>
Tranche B	<p>Tranche B ESOP performance rights issued to a Plan participant vest as follows: (B1) One quarter, immediately on issue (subject to employment condition); (B2) One quarter, on 30 June 2024 (subject to continuous employment condition); and (B3) One half, on 30 June 2025 (subject to continuous employment condition).</p>
Tranche A1	<p>The SHG share price achieving a Volume Weighted Average Price (VWAP) of \$0.10 over any 15 consecutive days prior to expiry and continuous service until at least 30 June 2024.</p> <p>Tranche A - one quarter VWAP \$0.10 PR's - As at the half-year reporting date 31 Dec 2023 the VWAP milestone for \$0.10 PR's hadn't been met and therefore the vesting period should be up to 10 Nov 2027.</p>
Tranche A2	<p>The SHG share price achieving a VWAP of \$0.15 over any 15 consecutive days prior to expiry and continuous service until at least 30 June 2024.</p>
Tranche A3	<p>The SHG share price achieving a VWAP of \$0.20 over any 15 consecutive days prior to expiry and continuous service until at least 30 June 2024.</p>
Tranche A4	<p>The SHG share price achieving a VWAP of \$0.25 over any 15 consecutive days prior to expiry and continuous service until at least 30 June 2024.</p>

For Class A and Class B, the fair value of the performance rights was valued at \$0.038 share price at the date of offer being 20 September 2023.

For Tranche B, the fair value of the performance rights was valued at \$0.041 share price at the date 10 November 2023 being the date of shareholder approval.

Singular Health Group Limited
Notes to the consolidated financial statements
31 December 2023

Note 14. Share-based payments (continued)

For the Tranche A1 to A4 performance rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Tranches	Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility %	Risk-free interest rate %	VWAP hurdle	Fair value	Methodology
Tranche A1	10/11/2023	10/11/2027	\$0.041	\$0.000	100.27%	4.21%	\$0.10	\$0.036	Monte-Carlo
Tranche A2	10/11/2023	10/11/2027	\$0.041	\$0.000	100.27%	4.21%	\$0.15	\$0.033	Monte-Carlo
Tranche A3	10/11/2023	10/11/2027	\$0.041	\$0.000	100.27%	4.21%	\$0.20	\$0.031	Monte-Carlo
Tranche A4	10/11/2023	10/11/2027	\$0.041	\$0.000	100.27%	4.21%	\$0.25	\$0.029	Monte-Carlo

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Valuation models taking into account the assumptions as detailed above. Input for pricing models may require an estimation of reasonable expectation about achievement of future vesting conditions. Vesting conditions must be satisfied for the counterparty to become entitled to receive cash, other asset, or equity instruments of the entity, under a share-based payment arrangement. Vesting conditions include service conditions, which require the other party to complete a specified period of service, and performance conditions, which require specified performance targets to be met (such as a specified increase in the entity profit or revenues over a specified period of time) or completion of performance hurdle.

The Group recognises an amount for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

Note 15. Joint arrangement and interest in associates

Investment in Australian Additive Engineering Pty Ltd

On 21 March 2021, the Group and Australian Additive Engineering Pty Ltd (AAE) entered into a share subscription deed whereby the Group would subscribe to 25% of AAE's share capital for a subscription price of \$300,000. The acquisition was approved by the shareholders at the General Meeting held on 11 May 2021.

Consideration of \$300,000 in cash was paid on 26 May 2021 and this is deemed to be the date of acquisition.

Under AASB 128 Investments in associates and joint ventures, Singular Health's 25% interest in AAE is considered a significant influence as it holds more than 20% directly in the investee, and therefore, the investment is equity accounted.

Interest in associates is accounted for using the equity method of accounting.

		31 December 2023	31 December 2022
	Country of Incorporation	% Ownership Interest	% Ownership Interest
Australian Additive Engineering Pty Ltd	Australia	nil	25%
		31 December 2023	31 December 2022
		\$	\$
Share of profit - joint ventures		-	13,689

During the half-year, the Company finalised an agreement to dispose of its 25% shareholding in Melbourne-based Australian Additive Engineering Pty Ltd in consideration of \$70,000.

Singular Health Group Limited
Notes to the consolidated financial statements
31 December 2023

Note 16. Interests in joint operations

Joint arrangement in GeoVR Pty Ltd

Singular Health Group has a 50% interest in a joint operation called GeoVR Pty Ltd which was set up as a Joint Arrangement Company together with FlowCentric Technologies Pty Ltd to commercialise technology allowing for mineral exploration and production data to be visualised in a fully interactive 3D environment. The principal place of business of the joint arrangement is in Australia.

During the half-year, the Company divested the 50% interest in GeoVR Pty Ltd. The loan provided was fully written off.

Joint Arrangement in SH Medical Technology Ltd

Singular Health Pte Ltd, a wholly owned subsidiary of Singular Health Group Limited, has a 50% interest in a joint operation called SH Medical Technology Ltd which was set up as a Joint Arrangement Company together with sophisticated individual investors to investigate market potential for Scan to Surgery technology in the East Asian market. The principal place of business of the joint arrangement is in Macau. SH Medical Technology Ltd has had minimal activities since its establishment.

The Group has recognised its share of jointly held assets, liabilities, revenues, and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint operations that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2023 %	30 June 2023 %
GeoVR Pty Ltd	Australia	-	50%
Singular Health Medical Technology Ltd	China	50%	50%

Singular Health Group Limited
Notes to the consolidated financial statements
31 December 2023

Note 17. Business combinations

On 25 January 2023, Singular 3DP Pty Ltd, a subsidiary of Singular Health Group Limited, acquired certain 3D printing assets, related plant and equipment, intellectual property and existing medical focused 3D printing business of Global 3DP Pty Limited. Global 3D is a West-Australian company providing advanced 3D printing services from an established ISO-9001 accredited facility.

As discussed in **note 1** of 30 June 2023 annual report, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting are retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

The values identified in relation to the acquisition are final as at 31 December 2023.

Details of the acquisition are as follows:

	Provisional value 30 June 2023 \$	Fair value Adjustment \$	Fair value 31 Dec 2023 \$
Other receivables (GST)	61,272	-	61,272
Plant and equipment	612,725	-	612,725
Right-of-use assets	126,696	-	126,696
Employee benefits	(12,305)	(3,556)	(15,861)
Lease liability	(126,696)	-	(126,696)
Net assets acquired	661,692	(3,556)	658,136
Goodwill	776,033	(91,693)	684,340
Acquisition-date fair value of the total consideration transferred	1,437,725	(95,249)	1,342,476
Representing:			
Cash paid or payable to vendor	(612,725)	(61,273)	(673,998)
Singular Health Group Limited shares issued to vendor	(825,000)	247,500	(577,500)
Singular Health Group Limited options issued to vendor	-	(90,978)	(90,978)
	(1,437,725)	95,249	(1,342,476)

Consideration transferred

Acquisition related costs of \$61,000 not included as part of the consideration for the acquisition but are included in transaction expense in profit or loss in this half- year.

1) Shares- at completion date, 5,500,000 SHG shares with a fair value of \$577,500 issue price of \$0.105 per share (share price at date of completion 25 January 2023).

2) Options - at completion date, 1,720,000 unlisted options exercise price of \$0.20 expiry in 3 years from date of completion valued at \$90,978 (refer below for valuation).

Grant date	Expiry date	Share price at grant date	Exercise Price	Expected volatility %	Dividend yield %	Risk-free interest rate %	Fair value at grant date
25/01/2023	24/01/2026	\$0.105	\$0.200	100%	-	3.22%	\$0.053

Singular Health Group Limited
Notes to the consolidated financial statements
31 December 2023

Note 17. Business combinations (continued)

3) Cash - \$673,998 to settle the financial liabilities of Global 3DP.

4) Earn-out shares - earn up to a further 900,000 fully paid ordinary shares (Earn-out shares) and 280,000 free unlisted options from 1st anniversary of completion of transaction. (The earn out shares and options are triggered in the event Singular 3DP achieves gross revenue within the 12 months following completion of the transaction in excess of \$550,000 [subject to Singular 3DP also achieving an EBITDA margin equal to or greater than 10% on gross revenue during the same period]).

Management of SHG has assessed that based on the accounts dated 31 December 2023, it is highly unlikely that the earn- out conditions will be satisfied.

5) Performance rights - at completion date, performance rights as per below table to be issued to Nigel Brown and Paul Cummings.

Tranche	Class of securities	Grant date	No. of securities	Exercise price	Expiry date
Class A1	KMP performance rights	25/01/2023	333,334	Nil - convert to ordinary shares on achievement of non-market conditions	2 years from date of issue
Class B1	KMP performance rights	25/01/2023	333,333	Nil - convert to ordinary shares on achievement of non-market conditions	2 years from date of issue
Class C1	KMP performance rights	25/01/2023	1,666,667	Nil - convert to ordinary shares on achievement of non-market conditions	2 years from date of issue
Class D1	KMP performance rights	25/01/2023	666,667	Nil - convert to ordinary shares on achievement of non-market conditions	2 years from date of issue
			3,000,001		

Management of SHG has assessed that based on the accounts dated 31 December 2023, it is highly unlikely that the performance rights will be satisfied.

Accounting judgements, estimates and assumptions

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred and equity instruments issued. All acquisition costs are expensed as incurred to profit or loss.

The following key estimates and judgements were required as part of the acquisition accounting for the 3D printing business:

Property, plant, and equipment - the valuation of these assets involved use of, amongst other factors, publicly available historical capital unit costs, industry benchmarks, current replacement costs, useful life assumptions, residual values to determine current asset conditions and utilisation.

Deferred tax liability - the recognition of deferred tax liabilities is directly associated with the determination of both initial accounting values and the determination and allocation of tax bases on entry into the Group's tax consolidated group. The balance reflects the non-deductibility for tax purposes of the intangible assets.

Note 18. Related party transactions

Joint operations

Interests in joint operations are set out in **note 16**.

Key management personnel

During the half-year, the following equities were granted to the following KMP:

Singular Health Group Limited
Notes to the consolidated financial statements
31 December 2023

Note 18. Related party transactions (continued)

KMP	Designation	Nature of securities
Mr Denning Chong	Chief Executive Officer and Managing Director	6,000,000 performance rights 11,250,000 unlisted options
Mr Howard Digby	Chairman and Non-Executive Director	1,250,000 unlisted options
Mr Andrew Just	Non-Executive Director	1,000,000 unlisted options
Mr James Hill	Chief Operating Officer	2,000,000 performance rights ¹ 2,000,000 unlisted options ²
Mr Tom Morell	Chief Technology Officer	1,600,000 performance rights ¹ 2,000,000 unlisted options ²
Mr Paul Cummings	Director of 3DP	3,000,001 performance rights ³
Ms Wendy Figueroa	Director of 3DP/ Financial Controller	400,000 performance rights

¹ Note, 4 million options to be issued, subject to refreshing the ESOP and shareholder approval post 31 December 2023.

² Note, 3.6 million performance rights to be issued, subject to refreshing the ESOP and shareholder approval post 31 December 2023.

³ Note, at completion date, 3,000,001 performance rights to be issued to Paul Cummings. The Management of SHG has assessed that based on the accounts dated 31 December 2023, it is highly unlikely that the performance rights will be satisfied.

Loans from related parties

There were \$18,303 of loans from related parties at the current and \$1,283 at the previous reporting date.

Other than above, there were no material changes to the Group's related party transactions to those disclosed in the 30 June 2023 Annual Report.

Note 19. Contingent liabilities and commitments

There have been no material changes in contingent liabilities and commitments since the last annual reporting date.

Singular Health Group Limited
Notes to the consolidated financial statements
31 December 2023

Note 20. Events after the reporting period

DATE	DETAILS
7 January 2024	<i>Expired of 1,000,000 unlisted options.</i> 300,000 exercisable at \$0.40 300,000 exercisable at \$0.50 and 400,000 exercisable at \$0.60
10 January 2024	Issue of 4,500,000 Performance Rights to Marin and Sons, as approved at 2023 Annual General Meeting.
11 January 2024	<i>First 3Dicom US Enterprise sales received in United States:</i> The Company received a binding purchase order for 5,000 3Dicom Patient licenses for use by Veterans in the Miami-Dade County, Florida.
17 January 2024	<i>Release of escrowed shares and resignation of Joint Company Secretary:</i> The Group released 3,300,000 previously issued fully paid ordinary shares from escrow. Ms Sujana Karthik resigned as Joint Company Secretary.
1 February 2024	<i>First Enterprise sale in United States medical education:</i> The Company received a binding purchase order for a 2-year provision of 25 x 3Dicom R&D (Annual) licenses and 2,500 x 3Dicom Patient (Annual) licenses each year. The total value of the contract is ~ USD\$100,000.
8 February 2024	Completion of AUD\$850,000 placement from CG1 Ventures and resultant issue of 15,454,545 shares at \$0.0055 per share and 7,727,272 unlisted options exercisable at \$0.10 and expiring three years from the date (9 February 2027), free attaching to placement shares. AUD\$200,000 from Radium Capital for an R&D funding facility secured against the FY 23/24 R&D tax incentive refund.
9 February 2024	<i>Appointment of Chief Commercial Officer:</i> The Company appointed Martina Mariano, PhD, MAICD as the Company Chief Commercial Officer to develop potential sales opportunities in the United States, Middle East, and India.
14 February 2024	<i>\$4.05 million capital raising announced:</i> The Company announced it had received a firm commitment to raise \$4.05m at \$0.11 per share to be used to accelerate United States commercialisation including sales and marketing, development of Medical Artificial Intelligence (AI)-in-the-Cloud system and working capital requirements.
20 February 2024	<i>Retains ISO 13485:2016 certification at new facility:</i> The Company has successful re-issuance of ISO 13484:2016 certificate for the design and development of software-as-a- medical device for diagnostic review, and continued compliance with regulatory and quality requirements of Health Canada, the Therapeutic Goods Administration (Australia), and Food and Drug Agency through the Medical Device Single Audit Program (MDSAP)
21 February 2024	<i>\$4.05 million capital raising completed:</i> The Company announced it had completed the capital raising previously announced on 14 February 2024. The Company raised \$4.05 million via issue of 37,483,101 fully paid ordinary shares at \$0.11 per share. The Company also issued 766,267 shares on the exercise of \$0.10 options, 150,000 performance rights were converted to shares, and 188,877 new shares were issued under the Company's employee incentive plan.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Singular Health Group Limited
Directors' declaration
31 December 2023

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 Group's financial position as at 31 December 2023 and of its performance for the 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



Denning Chong
Managing Director

28 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Singular Health Group Ltd

Report on the Interim Financial Report for the half-year ended 31 December 2023

Conclusion

We have reviewed the accompanying Interim financial report of Singular Health Group Ltd ("the Company") and its controlled entities ("the Group"), which comprises the Consolidated Statement of Financial Position as at 31 December 2023, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, notes comprising material accounting policy information 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 interim financial report of the Group does not comply with the *Corporations Act 2001* ("the Act") including:

- i) giving a true and fair view of the of Group's financial position as at 31 December 2023 and of its 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* ("ASRE 2410"). 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 and the Group in accordance with the auditor independence requirements of the Act and the ethical requirements of the Accounting Professional & 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.

We confirm that the independence declaration required by the Act which has been given to the directors of the Company, would be in 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 Interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Act and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Advisory. Tax. Audit

ACN 145 447 105

Nexia Perth Audit Services Pty Ltd (ABN 27 145 447 105) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information, please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the interim 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 Interim financial report is not in accordance with the Act including giving a true and fair view of the Company's financial position as at 31 December 2023 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 an interim 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.

**Nexia Perth Audit Services Pty Ltd****Justin Mulhair
Director**Perth
28 February 2024