



Uscom

ASX Media Release

Uscom Limited and its controlled entities

ABN 35 091 028 090

ASX Appendix 4D Half yearly report – 31 December 2023

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Uscom

ASX Media Release

Reporting period ended:

31 December 2023

Previous corresponding reporting period:

31 December 2022

Results for announcement to the market

Revenue and other income	up	55%	to	\$1,955,088
Loss from ordinary activities after tax attributable to members	down	35%	to	\$900,667
Net Loss for the period attributable to members	down	35%	to	\$900,667

Dividends per share

It is not proposed to pay a dividend.

Net Tangible Asset per ordinary share

	31 December 2023	31 December 2022
NTA backing	1.0c	2.4c

Status of review

The consolidated entity's Half-Yearly Report contains an independent review report that is not subject to a modified conclusion.

Commentary

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

Financial highlights

Revenue and other income	\$1,955,088
Loss from ordinary activities	\$900,667
Sales revenue	\$1,709,350
Net operating cash outflow	\$848,231
Net increase in cash held	\$1,004,188
Cash held at end of the period	\$3,181,556

DIRECTORS' REPORT

Your directors present the financial report of Uscom Ltd and its controlled entities for the half-year ended 31 December 2023.

Directors

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

Prof Rob Phillips
Mr Christian Bernecker
Mr Brett Crowley
Mr Xianhui Meng

Results

H1 FY24 reflected a slight global recovery with all major metrics improved from results in the previous period. Revenue and income increased 55% to \$1,955,088, while loss for the half was reduced 35% to \$900,667.

- 1) China: While Uscom's recent approval for domestic manufacture and its manufacturing partnership with Foxconn suggested a rapid growth in Chinese activities, China remained a challenge with interruptions of sales and distribution pathways limiting normal health related sales activities. The outcome was a general decrease in health purchasing and a delay in the upswing management had anticipated for FY24 H1. Regardless of the challenges of the last few years China remains Uscom's number one revenue source and management remain firmly committed to this market. Concurrently we are also diversifying and expanding into other global markets.
- 2) SE Asia: SE Asia has shown signs of growth with appointment of new distributors and a slight increase in sales, as our new Singapore focused strategy begins to take effect in the world's fastest growing region. We continue to develop Singapore as our regional distribution hub and strategic centre for growing regional sales.
- 3) Europe: The anticipated upswing in European activities has been hampered by the on-going Russian war and has resulted in less than expected general economic activities and in particular restrained health spending. While European growth is damped it remains a large and sophisticated market and with convenient access via our Budapest manufacturing and sales centre remains an important commercial focus for Uscom.
- 4) US: US sales, although modest, are showing good signs as our clinical applications in paediatrics and maternal health take hold, and despite an uncertain political future we are optimistic about the coming 24 months. Product interest and demonstrations are increasing and our pipelines developing.

Risks

Global geopolitics and the increasing friction between the US and China as the momentum for decoupling takes hold and are a significant potential risk for global economic growth which could impact Uscom. The US election is shaping to be a speed bump for US growth and global trade and likely to inflame the trade tensions between the world's two largest economies and potentially impact Uscom's international business.

The Russian war and multiple emerging regional wars may also potentially impact global economies which may impede Uscom's growth trend.

Slowing global growth related to China’s domestic economy and the US elections has the potential to induce a global recession effecting all businesses including Uscom.

Summary

Uscom’s results for H1 FY24 although significantly improved on last year, were not as robust as predicted and reflects a slower than expected global upturn following the COVID crisis. This slower than predicted rebound was related to complex and unresolved international geopolitics, a feature of international economics likely to continue over the foreseeable future. While China’s growth continues to slow and the US and Europe growth remains anaemic, Uscom continues its global expansion developing new products and technologies and refining their already sector leading cardiovascular and pulmonary monitoring devices. Increased products and sales are still the mid-term operational target for Uscom.

While Uscom management are aware of the soft global growth climate we remain confident in the growth prospects of our specialised sector leading cardiovascular and pulmonary medical technology company, expanding our international footprint as quickly and as prudently as possible. While focusing on fundamentals, Uscom management continue developing discussions and strategies which will transform the company and capture the shareholder value of our world leading medical technologies; technologies which are continuing to shape improved clinical care worldwide.

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AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

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

On behalf of the Directors



Professor Rob Phillips
Chairman
Sydney, 8 February 2024

DECLARATION OF INDEPENDENCE BY TINA HAN TO THE DIRECTORS OF USCOM LIMITED

As lead auditor for the review of Uscom Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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



Tina Han
Director

BDO Audit Pty Ltd

Sydney, 8 February 2024

Uscom Limited and its controlled entities
Consolidated statement of profit or loss and other comprehensive income
for the half year ended 31 December 2023

Continuing operations

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Revenue and other income	2	1,955,088	1,257,467
Raw materials and consumables used		(249,373)	(132,212)
Expenses from continuing activities	3	(2,584,242)	(2,501,752)
Loss before income tax from continuing operations		(878,527)	(1,376,497)
Income tax expense		(22,140)	(14,965)
Loss after income tax from continuing operations		(900,667)	(1,391,462)

Other comprehensive income**Items that may be reclassified subsequently to profit or loss**

Foreign currency translation difference for foreign operations		(51,191)	5,859
Other comprehensive income for the period		(51,191)	5,859

Total comprehensive (loss) for the period		(951,858)	(1,385,603)
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Attributable to:

Owners of the Company		(951,858)	(1,385,603)
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Total comprehensive (loss) for the period		(951,858)	(1,385,603)
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Earnings per share (EPS)

Basic (loss) per share (cents per share)	(0.5)	(0.8)
Diluted (loss) per share (cents per share)	(0.5)	(0.8)

This Consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the annual financial report for the year ended 30 June 2023 and the attached notes.

Uscom Limited and its controlled entities
Consolidated statement of financial position
as at 31 December 2023

	Note	31 Dec 2023 \$	30 Jun 2023 \$
Current assets			
Cash and cash equivalents		3,181,556	2,178,740
Trade and other receivables		534,353	367,890
Inventories		754,481	753,758
Tax assets		201,515	441,533
Total current assets		4,671,905	3,741,922
Non-current assets			
Bank guarantee		83,456	83,456
Plant and equipment		30,063	37,842
Intangible assets	4	460,123	497,947
Right-of-use assets		778,956	818,944
Total non-current assets		1,352,598	1,438,190
Total assets		6,024,503	5,180,112
Current liabilities			
Trade and other payables		531,977	764,483
Provisions		189,038	187,706
Loan from shareholders	5	2,004,868	-
Lease liabilities		263,838	262,783
Total current liabilities		2,989,721	1,214,971
Non-current liabilities			
Provisions		105,077	92,309
Lease liabilities		779,137	828,804
Total non-current liabilities		884,214	921,112
Total liabilities		3,873,935	2,136,083
Net assets		2,150,568	3,044,029
Equity			
Issued capital	6	38,505,632	38,509,140
Reserves	7	4,049,173	4,038,458
Accumulated losses		(40,404,237)	(39,503,569)
Total equity		2,150,568	3,044,029

This Consolidated statement of financial position is to be read in conjunction with the annual financial report for the year ended 30 June 2023 and the attached notes.

Interim Financial Report

Appendix 4D Half Yearly Report

Uscom Limited and its controlled entities Consolidated statement of changes in equity for the half year ended 31 December 2023

	Issued capital \$	Options and rights reserve \$	Other reserves \$	Accumulated losses \$	Foreign currency translation reserve \$	Total \$
Balance at 1 July 2022	39,136,673	3,638,461	-	(36,912,681)	72,804	5,935,256
Loss for the period	-	-	-	(1,391,462)	-	(1,391,462)
Other comprehensive income	-	-	-	-	5,859	5,859
Total comprehensive loss for the period	-	-	-	(1,391,462)	5,859	(1,385,603)
<i>Transactions with owners in their capacity as owners:</i>						
Shares Issued	-	-	-	-	-	-
Transaction costs on Shares Issued	(1,373)	-	-	-	-	(1,373)
Share-based payments	15,000	104,208	-	-	-	119,207
Total transactions with owners	13,627	104,208	-	-	-	117,834
Balance at 31 December 2022	39,150,300	3,742,669	-	(38,304,143)	78,661	4,667,487
Balance at 1 July 2023	38,509,140	3,937,189	-	(39,503,569)	101,269	3,044,029
Loss for the period	-	-	-	(900,667)	-	(900,667)
Other comprehensive income	-	-	-	-	(51,191)	(51,191)
Total comprehensive loss for the period	-	-	-	(900,667)	(51,191)	(951,858)
<i>Transactions with owners in their capacity as owners:</i>						
Shares Issued	-	-	-	-	-	-
Transaction costs on Shares Issued	(3,509)	-	-	-	-	(3,509)
Share-based payments	-	61,907	-	-	-	61,907
Total transactions with owners	(3,509)	61,907	-	-	-	58,398
Balance at 31 December 2023	38,505,632	3,999,095	-	(40,404,237)	50,078	2,151,568

This Statement of Changes in Equity is to be read in conjunction with the annual financial report for the year ended 30 June 2023 and the attached Notes.

Uscom Limited and its controlled entities
Consolidated statement of cash flows
for the half year ended 31 December 2023

	<i>Note</i>	31 Dec 2023 \$	31 Dec 2022 \$
Cash flows from operating activities			
Receipts from customers		1,444,355	1,058,105
Payments to suppliers and employees		(2,741,267)	(2,417,937)
Grants received		439,798	385,577
Interest received		8,883	20,937
Net cash used in operating activities		(848,231)	(953,318)
Cash flows from investing activities			
Purchase of patents and trademarks	4	(25,285)	(32,053)
Purchase of plant and equipment		(2,097)	(390)
Net cash used in investing activities		(27,382)	(32,443)
Cash flows from financing activities			
Share issue costs	6	(3,509)	(1,373)
Repayment of lease liability		(121,558)	(121,485)
Loan from shareholders	5	2,004,868	-
Net cash provided by (used in) financing activities		1,879,801	(122,858)
Net increase in cash and cash equivalents			
Net cash and cash equivalents at the beginning of the period		1,004,188	(1,108,619)
Foreign exchange impact on cash flows		2,178,740	4,704,185
		(1,372)	(2,787)
Net cash and cash equivalents at the end of the period		3,181,556	3,592,779

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

Uscom Limited and its controlled entities
Selected Explanatory Notes to the Financial Statements
For the half year ended 31 December 2023

Note 1 – Statement of significant accounting policies

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

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

Basis of preparation

The consolidated financial report for the half year ended 31 December 2023 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001 and was approved by the Board of Directors on 8 February 2024.

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

Accordingly, this report should be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by the Company in accordance with the continuous disclosure obligations arising under ASX listing rules.

Going concern

The Company incurred an operating cash outflow of \$848,231 during the half year ended 31 December 2023 (2022: outflow \$953,318). The total comprehensive loss for the half year ended 31 December 2023 was \$951,858 (2022: \$1,385,603) and the cash on hand as at 31 December 2023 was \$3,181,556 (2022: \$2,178,740). A short-term loan of \$2,004,868 (2022: Nil) from Director is also due by June 2024.

The Company's forecasts and projections for the next twelve months take into account the current status, operational changes and projected future trading performance, and indicate that, in the directors' opinion, the Company will be able to operate as going concern. The timing and sales volumes may vary from those forecasts by management, however, this forecast of cash flow is reliant upon the successful securement of various large customer contracts which have not been secured by the time of this report. This condition indicates a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. As such the timing of operating cash flows may differ to those forecasts by management. Should the timing of operating cash flow be significantly different to those forecast, the Company may need to seek director's continuing support of operational cash needs beyond the next 12 months by extending the loan payment terms or alternative financing to enable it to settle its liabilities as they fall due.

Notwithstanding the above, the Directors have historically been providing loans to support possible unforeseen operational variations and also have been successful in obtaining financing through equity raises and are actively managing the expenditure of the company to ensure that cash is maintained whilst executing the strategy and are confident that should the need arise further funding can be raised through either debt or equity.

Should the company be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of assets carrying amount or the amount of liabilities that might result should the company be unable to continue as a going concern and meet its debts as and when they fall due.

New, revised or amending Accounting Standards and Interpretations adopted

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended 30 June 2023.

Interim Financial Report

Appendix 4D Half Yearly Report

	31 Dec 2023	31 Dec 2022
	\$	\$
Note 2 – Revenue and other income		
Sale of goods	1,709,350	1,021,105
Other revenue		
Interest received	5,497	20,915
Other income		
Grants	213,429	215,447
Exchange gain	26,812	-
Total other income	240,241	215,447
Total revenue and other income	1,955,088	1,257,467
Note 3 – Expenses from ordinary activities		
Depreciation and amortisation expenses	70,638	72,648
Depreciation – right-of-use assets	121,558	121,485
Employee expenses	1,442,091	1,327,832
Research and development expenses	8,074	38,863
Advertising and marketing expenses	439,556	424,495
Occupancy expenses	16,865	43,734
Regulatory expenses	98,000	129,339
Administrative expenses	344,049	305,463
Exchange loss	-	12,760
Finance costs	43,411	25,133
Total expenses from ordinary activities	2,584,242	2,501,752
Note 4 – Intangible assets		
	31 Dec 2023	30 Jun 2023
	\$	\$
Patents	460,123	497,947
Total intangible assets	460,123	497,947
	Patents	Total
	\$	\$
<i>Movements in carrying amounts</i>		
Opening balance	497,947	477,010
Additions	25,285	134,747
Impairment	-	-
Amortisation	(63,109)	(113,810)
Intangible assets at the end of the period	460,123	497,947
Note 5 – Loan from shareholders		
Loan from shareholders	2,004,868	-

On 26 December 2023, the company received a short-term loan of \$2,004,868 from executive Chairman, Rob Phillips. The loan is unsecured, carries interest of 8% per annum payable monthly and is repayable within the earlier of seven days of receiving a notice to repay from the Lender and 30 June 2024.

	31 Dec 2023 Number	30 Jun 2023 Number	31 Dec 2023 \$	30 Jun 2023 \$
Note 6 – Issued Capital				
Ordinary shares				
Fully paid ordinary shares	190,533,556	187,368,999	38,505,632	38,509,140
Total contributed equity	190,533,556	187,368,999	38,505,632	38,509,140
Movement in issued capital				
Opening balance	187,368,999	196,768,333	38,509,140	39,136,673
Ordinary shares issued	3,164,557	1,867,551	-	15,000
Ordinary share (Equal Access Share Buy-Back) **	-	(11,266,885)	-	(619,679)
Share issue costs	-	-	(3,509)	(22,854)
Ordinary shares at the end of the period	190,533,556	187,368,999	38,505,632	38,509,140

		31 Dec 2023 \$	30 Jun 2023 \$
Note 7 – Reserves			
Options and rights reserves (i)		3,999,095	3,937,189
Foreign currency translation reserves		50,078	101,269
Total reserves		4,049,173	4,038,458

(i) Movement in options and rights reserves	31 Dec 2023 Number	30 Jun 2023 Number	31 Dec 2023 \$	30 Jun 2023 \$
Opening balance	3,714,557	2,186,782	3,937,189	3,638,461
Granted during the period (a)	4,756,891	3,164,557	-	-
Exercised during the period (b)	(3,164,557)	(1,636,782)	-	-
Lapsed during the period	-	-	-	-
Share-based payment expenses	-	-	61,907	313,728
Fair value of shares issued to employees	-	-	-	(15,000)
At the end of the period (c)	5,306,891	3,714,557	3,999,095	3,937,189

- (a) 4,756,891 Indeterminate rights were granted to Rob Phillips on the terms and conditions approved by shareholders at the AGM on 26 October 2023 under the Equity Incentive plan, vesting dependent on performance hurdles on 1 July 2024. Consideration payable upon vesting is \$nil. The Board may exercise its discretion to pay cash in lieu of issue of ordinary shares.
- (b) 3,164,557 Indeterminate rights were issued to Rob Phillips on the terms and conditions approved by shareholders at the AGM on 10 November 2022 under the Equity Incentive plan, vesting dependent on performance hurdles on 1 July 2023. Consideration payable upon vesting is \$nil. The Board may exercise its discretion to pay cash in lieu of issue of ordinary shares. Upon meeting the performance hurdles, total of 3,164,557 were exercised on 7 July 2023.

Note 8 – Operating segmentsSegment information

The consolidated entity operates in the global health and medical products industry. Globally the company has 4 geographic sales and distribution segments as shown below. For each segment, the CEO and General Manager review internal management reports on at least a monthly basis.

	Australia	Asia	Americas	Europe	Consolidated
	\$	\$	\$	\$	\$
31 Dec 2023					
Sales to external customers	295,818	732,072	156,342	525,120	1,709,350
Other revenues	242,306	3,386	-	46	245,738
Total segment revenue	538,124	735,459	156,342	525,166	1,955,088
Segment expenses	1,331,730	790,394	223,836	487,654	2,833,615
Segment result	(793,607)	(54,936)	(67,495)	37,510	(878,527)
Income Tax	-	(95)	-	(22,046)	(22,141)
Consolidated profit (loss) from ordinary activities after income tax	(793,607)	(55,031)	(67,495)	15,464	(900,667)
31 Dec 2022					
Sales to external customers	102,893	534,462	-	383,750	1,021,105
Other revenues	225,066	5,890	-	5,406	236,362
Total segment revenue	327,959	540,352	-	389,156	1,257,467
Segment expenses	1,347,588	620,580	229,913	435,883	2,633,964
Segment result	(1,019,629)	(80,228)	(229,913)	(46,728)	(1,376,497)
Income Tax	-	-	-	(14,965)	(14,965)
Consolidated profit (loss) from ordinary activities after income tax	(1,019,629)	(80,228)	(229,913)	(61,692)	(1,391,462)

Note 9 – Contingent liabilities

There were no contingencies as at 31 December 2023.

Note 10 – Events after the reporting date

There were no other events subsequent to 31 December 2023 that are required to be reported in this note.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Professor Rob Phillips

Chairman

Sydney, 8 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Uscom Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Uscom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 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 a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd



Tina Han
Director

Sydney, 8 February 2024