IntelliCentrics

**IntelliCentrics Global Holdings Ltd.**

**中智全球控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 6819)**

# ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED JUNE 30, 2023

## FINANCIAL HIGHLIGHTS

**Revenue.** Our total revenue increased by 8.1% from US$40.7 million for the 12 months ended June 30, 2022 to US$44.0 million for the 12 months ended June 30, 2023. This increase is attributable to higher average subscription fees.

**Gross Profit.** Our gross profit increased by 11.0% from US$35.3 million for the 12 months ended June 30, 2022 to US$39.2 million for the 12 months ended June 30, 2023. Gross profit margin also increased year-on-year by 2.3% to 89.1% for the 12 months ended June 30, 2023. The increases in gross profit and gross profit margin are mainly driven by higher average subscription fees.

**Net Loss.** Net loss decreased by 24.1% from US$11.6 million for the 12 months ended June 30, 2022, to US$8.8 million for the 12 months ended June 30, 2023. Our net loss for the 12 months ended June 30, 2023 is mainly attributable to R&D, marketing and other costs in commercializing our medical credentialing business and our eBadge technology.

**Research and Development.** Our total investment in R&D for the 12 months ended June 30, 2023, amounted to US$20.3 million of which US$4.9 million was capitalised and US$15.4 million expensed in the reporting period. Compared to the 12 months ended June 30, 2022, the relevant amounts were US$19.5 million, US$5.4 million, and US$14.1 million, respectively. The Company's commitment to investing in R&D continues to enhance the value of our technology platform and network.

## FINANCIAL RESULTS

The Board of Directors of IntelliCentrics Global Holdings Ltd. (the "**Company**") announces the consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the 12 months ended June 30, 2023, together with the comparative figures for the 12 months ended June 30, 2022, as set out below.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OR LOSS

| *US$ in thousands* | *Note* | **12 months ended June 30, 2023** | 12 months ended June 30, 2022 |
|---|---|---|---|
| **Revenue** | *5* | **43,980** | 40,694 |
| Cost of revenue | | **(4,806)** | (5,388) |
| **Gross profit** | | **39,174** | 35,306 |
| Selling and marketing expenses | | **(5,244)** | (4,245) |
| General and administrative expenses | | **(24,349)** | (21,815) |
| Research and development expenses | | **(15,411)** | (14,127) |
| Other (loss)/income | | **(467)** | 394 |
| **Operating loss** | | **(6,297)** | (4,487) |
| Finance costs | | **(2,258)** | (1,520) |
| Finance income | | **518** | 95 |
| Other non-operating expenses | *6* | **(283)** | (6,331) |
| Share of profit/(loss) of a joint venture, net of tax | | **31** | (127) |
| **Loss before income tax** | | **(8,289)** | (12,370) |
| Income tax (expense)/benefit | *7* | **(550)** | 724 |
| **Loss for the year** | | **(8,839)** | (11,646) |
| **Other comprehensive (loss)/income:** | | | |
| *Item that will not be subsequently reclassified to profit or loss:* | | | |
| — Equity instruments at FVOCI — net change in fair value | | **(536)** | 211 |
| *Item that may be subsequently reclassified to profit or loss:* | | | |
| — Currency translation differences | | **834** | (2,079) |
| **Other comprehensive income/(loss) for the year, net of tax** | | **298** | (1,868) |
| **Total comprehensive loss for the year** | | **(8,541)** | (13,514) |

| *US$ in thousands* | *Note* | **12 months ended June 30, 2023** | 12 months ended June 30, 2022 |
|---|---|---|---|
| **Loss for the year** | | | |
| Attributable to owners of the Company | | **(8,843)** | (11,592) |
| Attributable to non-controlling interests | | **4** | (54) |
| | | **(8,839)** | (11,646) |
| **Total comprehensive loss for the year** | | | |
| Attributable to owners of the Company | | **(8,545)** | (13,460) |
| Attributable to non-controlling interests | | **4** | (54) |
| | | **(8,541)** | (13,514) |
| **Loss per Share attributable to owners of the Company for the year (expressed in USD per Share)** | | | |
| — Basic and diluted | *8* | **(0.020)** | (0.025) |

The accompanying notes are an integral part of these annual results statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| *US$ in thousands* | *Note* | **As at June 30, 2023** | As at June 30, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment, net | | **5,448** | 6,376 |
| Goodwill and other intangible assets, net | | **22,897** | 22,969 |
| Right-of-use assets, net | | **4,512** | 5,223 |
| Deposits and prepayments | | **143** | 180 |
| Interest in a joint venture | | **—** | — |
| Restricted cash | | **143** | 94 |
| | | **33,143** | 34,842 |
| **Current assets** | | | |
| Financial assets at fair value through other comprehensive income | | **276** | 812 |
| Deposits, prepayments and other receivables | | **1,586** | 2,515 |
| Restricted cash | | **10,800** | 12,750 |
| Cash and cash equivalents | | **12,758** | 23,506 |
| | | **25,420** | 39,583 |
| **Total assets** | | **58,563** | 74,425 |
| **EQUITY** | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | **46** | 46 |
| Share premium | | **72,776** | 72,776 |
| Other reserves | | **(98,160)** | (96,494) |
| Retained earnings | | **21,366** | 30,209 |
| | | **(3,972)** | 6,537 |
| Non-controlling interests | | **(112)** | (116) |
| **Total equity** | | **(4,084)** | 6,421 |

| *US$ in thousands* | *Notes* | **As at June 30, 2023** | As at June 30, 2022 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Other liabilities | | **7** | — |
| Deferred income tax liabilities | | **1,968** | 2,318 |
| Lease liabilities | | **6,237** | 6,995 |
| | | **8,212** | 9,313 |
| **Current liabilities** | | | |
| Borrowings | *10* | **24,018** | 28,511 |
| Lease liabilities | | **913** | 810 |
| Trade payables | *11* | **635** | 2,685 |
| Other payables | | **5,262** | 3,335 |
| Amounts due to related parties | | **562** | 743 |
| Contract liabilities | *5* | **22,102** | 22,607 |
| Current income tax liabilities | | **943** | — |
| | | **54,435** | 58,691 |
| **Total liabilities** | | **62,647** | 68,004 |
| **Total equity and liabilities** | | **58,563** | 74,425 |

The accompanying notes are an integral part of these annual results statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The results set out in this announcement are extracted from the Group's consolidated financial statements for the 12 months ended June 30, 2023.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets measured at fair value. The consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements disclose all of the matters of which we are aware that are relevant to the Group's ability to continue as a going concern, including all significant conditions and events, mitigating factors and the Group's plans. The Group had a net loss of US$8.8 million for the 12 months ended 30 June 2023. The Group had consolidated net current liabilities and net liabilities of approximately US$29.0 million and US$4.1 million respectively, and had committed capital expenditure of approximately US$1.1 million. As at June 30, 2023, the Group's cash and cash equivalents and restricted cash were approximately US$23.7 million. The Group generated a net operating inflow for the 12 months ended June 30, 2023.

In view of such circumstances, in assessing the appropriateness of the use of going concern basis in the preparation of these consolidated financial statements, our management prepared a cash flow forecast covering a period of not less than 12 months from June 30, 2023. The Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern.

Based on the reasons set forth in the section headed "Management Discussion and Analysis — Liquidity", the Directors believe the Group will have sufficient working capital to maintain its operations in the next twelve months from June 30, 2023. In addition, certain measures have been taken by the Group during the year to mitigate the liquidity pressure and to improve its financial position and performance which include, but not limited to the following:

(i) reduce cash outflows from acquisition of RSA shares and elect not to conduct any repurchase of Shares;

(ii) reduce the purchases of property, plant and equipment; and

(iii) continue to pursue financing.

Having taken into account the above measures, the Directors believe the Group will have sufficient working capital to maintain its operations in the next twelve months from June 30, 2023. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

The related changes in significant accounting policies are described in Note 2.

Details of the Group's significant accounting policies are included in Note 3.

The consolidated financial statements are presented in U.S. dollars, which is the Company's functional currency and the Group's presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

## 2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

2.1 New standards, interpretations and amendments adopted early from July 1, 2022:

The Group has adopted the following new standards and amendments in the consolidated financial statements for the financial year ended June 30, 2023:

- Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates — Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12
- International Tax Reform-Pillar Two Model Rules — Amendments to IAS 12
- Insurance Contracts — IFRS 17 and Amendments to IFRS 17

The adoption of the new standards listed above have not had a significant impact on the Group's consolidated financial statements for the financial year ended June 30, 2023.

### 2.2 New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

| New standards or amendments | Effective for annual periods beginning on or after |
|---|---|
| Amendments to IAS 1 — Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 — Supplier Finance Arrangements | January 1, 2024 |
| Amendments to IFRS 16 — Lease Liability on Sale and Leaseback | January 1, 2024 |
| Amendments to IAS 21 — Lack of Exchangeability | January 1, 2025 |
| Amendments to IFRS 10 and IAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |

The Group does not expect that the adoption of the standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Principles of consolidation and equity accounting

#### (a) *Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying amount of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. There were no acquisitions during the year ended June 30, 2023.

#### (b) *Consolidation*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

#### (c) *Non-controlling interest*

Non-controlling interests ("**NCI**") are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### (d) *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

**(e)** ***Interests in joint ventures***

Interests in joint ventures are accounted for using the equity method.

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint venture are recognised as a reduction in the carrying amount of the investment.

For entity accounted for under the equity method, when the Group's share of losses equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, until which time it has concluded additional investments, obligations, or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments are tested for impairment in accordance with the policy described in Note 3.8.

**(f)** ***Investments in subsidiaries***

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable. Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividends exceed the total comprehensive income of the subsidiary in the period the dividends declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

## 3.2 Foreign currency translation

**(a)** ***Functional and presentation currency***

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**Functional Currency**"). The presentation currency is in U.S. dollars unless otherwise stated.

**(b)** ***Transactions and balances***

Foreign currency transactions are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income ("**OCI**") or profit or loss are also recognised in OCI or profit or loss, respectively).

**(c)** ***Group companies***

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a Functional Currency different from the presentation currency of US$ are translated into the presentation currency as follows:

i. Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;

ii. Income and expenses for each consolidated statement of profit or loss and other comprehensive income or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

iii. All resulting currency translation differences are recognised in other comprehensive income or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### 3.3 Current and non-current classification

Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: (i) it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; (ii) it is held primarily for the purpose of trading; (iii) it is expected to be realised within 12 months after the reporting period; or (iv) it is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: (i) it is either expected to be settled in the consolidated entity's normal operating cycle; (ii) it is held primarily for the purpose of trading; (iii) it is due to be settled within 12 months after the reporting period; or (iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

### 3.4 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment charge. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income or loss during the financial period in which they are incurred.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss as follows:

| | |
|---|---|
| Computer equipment | 3 years |
| Leasehold improvements | Shorter of 15 years or lease period |
| Subscriber equipment | 2 years |
| Furniture and fixtures | 2 to 7 years |

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in "Other (loss)/income" in the consolidated statement of profit or loss and other comprehensive income or loss.

### 3.5 Intangible assets

**(a)** ***Goodwill***

Goodwill on acquisitions of subsidiaries is included in goodwill and other intangible assets. Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for NCIs and the fair value of any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised, but it is tested for impairment (as described in Note 3.6) annually, or in the interim if events or changes in circumstances indicate that it might be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units to which goodwill is allocated are identified at the lowest level at which goodwill is monitored for internal management purposes, being the individual cash-generating units.

**(b)** ***Customer relationships acquired in a business combination***

Customer relationships acquired in a business combination are recognised initially at fair value at the acquisition date and subsequently carried at the amount initially recognised less accumulated amortisation and impairment losses (if any). Amortisation is calculated using the straight-line method to allocate the costs of acquired intangible assets over the estimated useful lives, generally 6 to 20 years.

**(c)** ***Technology platform***

Costs associated with researching and maintaining the technology platform are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique technology platform products controlled by the Group are recognised as intangible assets when the following criteria are met:

a. It is technically feasible to complete the technology so that it will be available for use;

b. The management intends to complete the technology;

c. The technology will be sold individually or increase the lifetime economic value of the platform product;

d. The technology will generate probable future economic benefits;

e. The management provides adequate technical, financial, and other resources to complete the development to generate the future economic benefit; and

f. Costs attributable to the technology during its development phase can be reliably measured.

Directly attributable development phase costs that are capitalised as an intangible asset as part of the technology platform product include third party's service costs and product development employee costs.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use using the straight-line method over the following 3 years.

Development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense in a prior financial year are not recognised as an asset in a subsequent period.

**(d)** ***Others***

The Group amortises intangible assets with a limited useful life using the straight-line method over a 3-year period.

### 3.6 Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment as of April 1, or more frequently if events or changes in circumstances indicate that it might be impaired. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero.

Other non-financial assets (such as property, plant and equipment, intangible assets, and right-of-use assets, etc.) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets ("**cash-generating units**" or "**CGU**"). The recoverable amount of an asset is estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or recognised, if no impairment loss had been recognised.

### 3.7 Investments and other financial assets

#### (a) *Classification*

The Group classifies its financial assets in the following measurements categories: those to be measured subsequently at fair value either through other comprehensive income or through profit or loss and those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

The carrying amounts of refundable deposits, other receivables, restricted cash, cash and cash equivalents, are assumed to approximate their fair values due to their short-term nature. If the carrying amount of the financial assets and financial liabilities are a reasonable approximation of fair value, they are not valued at fair value.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income ("**FVOCI**").

#### (b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, being the date on which the Group commits to purchase or sell the asset. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, all other financial assets are stated at amortized cost, using the effective interest method, less allowance for ECL.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, the carrying amount is written off.

**(c)** ***Measurement***

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**(d)** ***Equity instruments***

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as finance income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### 3.8 Impairment of financial assets

The Group assesses, on a forward-looking basis, the expected credit losses associated with its equity instruments carried at fair value. For financial assets measured at FVOCI, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying amount with a corresponding expense through profit or loss.

The Group is exposed to credit risk primarily in relation to its cash and deposits (including term deposits) placed with banks and financial institutions, as well as other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets. The Group's cash deposits are placed with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these financial institutions.

Other receivables mainly comprise amounts due from related parties, deposits, and other receivables. The Group closely monitors these other receivables to ensure actions are taken to recover these balances in the case of any increase in risk of default. The Group has concluded that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information. Especially the following indicators are incorporated:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.

- Significant changes in the expected performance and behavior of the debtors, including changes in the payment status of debtors.

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

The Group's current credit risk grading framework comprises the following categories:

| **Basis for recognition of** | **Expected Category** | **Group definition of category credit loss provision** |
|---|---|---|
| Performing | The counterparty has a low risk of default and a strong capacity to meet contractual cash flow | 12 months expected losses; where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime |
| Underperforming | Receivables for which there is a significant increase in credit risk; as significant increase in credit risk presumed if interest and/or principal repayments are more than 30 days past due | Lifetime expected losses |
| Non-performing | Interest and/or principal repayments are more than 365 days past due | Lifetime expected losses |
| Write-off | Interest and/or principal repayments are more than 3 years past due and there is no reasonable expectation of recovery | Asset is written-off |

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivable and adjusts for forward looking macroeconomic data. For deposits and other receivables, the historical loss rate for these receivables are low. Thus, no impairment provision was recognised for these receivables as the expected credit loss was not material during the period.

### 3.9 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses outside valuation experts or valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

### 3.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and time deposits held at banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The amount of cash and cash equivalents available for general operating purposes by the Group totaled US$12.8 million.

Restricted cash refers to cash and cash equivalents that are subject to contractual restrictions and not available for immediate business use which is no longer meeting the definition of cash. Restricted cash are presented as current assets unless they cannot be utilised within 12 months after the reporting date. Total restricted cash as at June 30, 2023 was US$10.9 million.

### 3.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are presented in equity as a deduction from the proceeds.

### 3.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

### 3.13 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 3.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss and other comprehensive income or loss, except to the extent that it relates to items recognised in other comprehensive income or loss or directly in equity. In this case, the tax is also recognised in other comprehensive income or loss or directly in equity, respectively.

**(a)** ***Current income tax***

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Company's subsidiaries operate and generate taxable income. The management periodically evaluates positions taken in tax returns with respect to situations in which an applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**(b)** ***Deferred income tax***

i *Inside basis differences*

Deferred income tax assets or liabilities are recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, and the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable profit will be available against which the temporary differences and losses can be utilised. The carrying amount of recognised and unrecognised deferred income tax assets are reviewed at the end of each reporting period. Deferred income tax assets are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred income tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

ii *Outside basis differences*

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) ***Offsetting***

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**3.15 Employee benefits**

(a) ***Employee leave entitlements***

Employee entitlements to annual leave are recognised when they accrue to employees as services are provided. An estimated liability for annual leave is recognised as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick and maternity leave are not recognised until the time of leave.

(b) ***Pension obligations***

The Group operates post-employment schemes under defined contribution plans. Each of the Group and its employees contribute to various publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis. Contributions made to the various schemes are calculated based on certain percentages of the employees' total compensation as stipulated by each scheme. The Group has no further payment obligations once the contributions have been paid. The Group's contributions vest immediately and are recognised as employee benefit expense when they are due. There are no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution. Hence, there are no forfeited contributions that may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix 16 to the Listing Rules.

(c) ***Share-based payment arrangements***

Share-based compensation benefits are provided to employees via the pre-IPO share option plan adopted by the Board on August 7, 2018 (the "**Pre-IPO Share Option Scheme**"), the Restricted Share Award Scheme amended and restated by the Company on June 7, 2022 (the "**RSA Scheme**"), and the Restricted Share Award Scheme for Core Connected Persons amended and restated by the Company on June 7, 2022 (the "**RSA Scheme for Core Connected Persons**", together with the RSA Scheme, the "**RSA Schemes**"). The Company also grants restricted share awards to all employees worldwide under its Employee Retention and Recognition ("**ERR**") Program adopted by the Company on December 1, 2021, pursuant to which restricted share awards would be granted to all employees worldwide in accordance with the rules governing the RSA Scheme. Information relating to these schemes is set out in Note 3.15(d) and Note 3.15(e).

(d) ***Pre-IPO Share Option Scheme***

The fair value of options granted under the Pre-IPO Share Option Scheme is recognised as an employee benefits expense with a corresponding increase in the share option reserve in equity. The total amount to be expensed is determined based on the fair value of the options granted.

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to the share option reserve in equity.

When the options are exercised, the RSA scheme reserve transfers the appropriate number of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

**(e)** ***RSA Schemes***

Under the RSA Schemes, the Group can grant shares of the Company to its employees, non-employees, and Company Directors. Shares awarded under the RSA Schemes may or may not include a exercise price. The fair value of shares awarded without a purchase price is measured by reference to the shares' quoted market price at the grant date. The fair value of shares awarded with a purchase price is determined using the Black-Scholes option-pricing model. The value of the shares awarded is charged to Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss over the respective vesting period. During the vesting period, the number of awarded shares that are expected to vest is reviewed. On the vesting date, the amount recognised is adjusted to reflect the actual number of awarded shares that vest (with a corresponding adjustment to the other reserves), and the cost of awarded shares is recognised in other reserves in the Consolidated Statement of Financial Position.

Measurement of the fair values at grant date and measurement date of the Pre-IPO Share Option Scheme, RSA Scheme, RSA Scheme for Core Connected Persons and ERR program are listed in detail in the Annual Report. There were no significant changes in the Company's accounting policies as at June 30, 2023.

## 3.16 Other equity

Shares held by the RSA scheme are presented in the equity section in the Consolidated Statement of Financial Position as other reserves.

## 3.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

### 3.18 Revenue recognition

Revenue is recognised to depict the transfer of a service to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services.

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the services underlying the particular performance obligation is transferred to the customers.

Control of the services may be transferred over time or a point in time. If control of the service transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the service.

Control of the services is transferred over time if (i) the customer simultaneously receives and consumes the benefits provided by the entity’s performance as the Group performs; (ii) the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or (iii) the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group evaluates whether it is appropriate to record the gross amount of service revenues and related costs or the net amount earned as commissions. The Group is considered a principal, if it obtains control of the specified goods or services before they are transferred to the customers, then revenues should be recognized in the gross amount of consideration to which it expects to be entitled in exchange for the specified goods or services transferred. When a Group is an agent and its obligation is to facilitate third parties in fulfilling their performance obligation for specified goods or services, the revenues should be recognized in the net amount for the amount of commission which the Group earns in exchange for arranging for the specified goods or services to be provided by other parties. The Group is the principle versus agent for all transactions with subscribers.

**(a)** ***Revenue from contracts with customers***

i Credentialing and add-on subscription services: Revenue from credentialing and add-on subscription services is recognised over the paid subscription period. This revenue is recognised as control of the services is transferred over time to the customers as they simultaneously receive and consume the benefits provided by the Group’s performance. The progress towards complete satisfaction of the performance obligation is measured based on the Group’s efforts or inputs to the satisfaction of the performance obligation that best depict the Group’s performance in satisfying the performance obligation. Revenue is recognised based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual days passed relative to the total contract period, as the Group’s efforts or inputs are expended evenly throughout the performance period.

ii Other add-on services: Revenue from other add-on services, such as criminal background checks, immunisations and vaccinations (including drug and antibody testing), general and professional liability insurance referrals and certain pilot programmes, is recognised at a point in time when the services are rendered and our performance obligations are discharged. This revenue is recognised at a point in time when control of the services is transferred, and the Group has a present right to payment for the services. This occurs when the customers having accepted the services, have full discretion over the services, and there is no unfulfilled obligation that could affect the customers’ acceptance of the services.

**(b) *Cost of revenue***

Cost of revenue consists primarily of (i) personnel costs (including salaries and benefits) for employees associated with our infrastructure, customer support, and professional service personnel, (ii) payment processing fees, and (iii) payments to third party service providers in support of credentialing and add-on services, including eBadge related costs (including depreciation). Cost of revenues does not include amortisation of our internally developed platform which is allocated to research and development ("**R&D**").

**(c) *Contract balances***

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or contract liability, depending on the relationship between the Group's performance and the customer's payment.

Contract assets: Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

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. Contract liabilities of the Group mainly represent the membership fees prepaid by subscribers for which services have not been rendered. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the significant financing component.

**3.19 Finance costs**

Finance costs are expensed in the period in which they are incurred.

**3.20 Finance income**

The Group's financial income represents interest income of bank deposits.

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Group.

Interest income is recognised in profit or loss in finance income.

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

### 3.21 Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for leases of low value assets (such as IT-equipment and small items of office furniture). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The Group has elected to apply the short-term exemption to all classes of assets and will thus not apply the requirements of IFRS 16 to these leases. Security deposits that are refundable at the end of the lease, less any damage incurred on the property, are included in deposits and prepayments. The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

**(a)** ***Right-of-use assets***

Right-of-use assets are presented as a separate line item in the Consolidated Statement of Financial Position. The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset. The right-of-use assets are presented as a separated line item in the consolidated statement of financial position.

**(b)** ***Lease liability***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The Group has elected to use the same incremental borrowing rate for leases with similar terms. To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and makes adjustments specific to the lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has elected this practical expedient and will not separate lease and non-lease components.

The lease liabilities are presented as a separate line item on the consolidated statement of financial position.

### 3.22 Research and development expenses

R&D costs are expensed as incurred unless the development cost incurred has satisfied the recognition criteria for capitalisation as disclosed in Note 3.5(c). Amortisation of capitalised development cost is recognised as research and development expense.

### 3.23 Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group.

### 3.24 Dividend distribution

Dividend distribution to the Shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Shareholders or directors, where appropriate.

## 4. SEGMENT INFORMATION

The CODM considers the Group's operations are operated and managed as a single segment; accordingly, no segment information is presented. This conclusion is based on the following analysis:

- The Group allocates resources and assesses performance of the overall operations of its businesses and not by geographical locations or product lines.

- The Group mainly operates its businesses in the USA and the majority of the revenues are substantially earned from external customers attributed to the USA.

- A substantial majority of the non-current assets excluding restricted cash of the Group are located in the USA.

- No other geographical region is currently deemed to be material to be viewed separately.

Our customers comprise of our LoCs and paying subscribers. For both years ended June 30, 2023 and June 30, 2022, no single customer contributed more than 1.0% to our total revenue and we did not have a concentration risk.

## 5. REVENUE

Substantially all fees are paid by subscribers at the inception of service. The following table sets forth a breakdown of our revenue by solutions and add-on services for the periods indicated:

| *US$ in thousands* | **12 months ended June 30, 2023** | 12 months ended June 30, 2022 |
|---|---|---|
| Vendor and Medical Credentialing | **43,154** | 39,894 |
| Add-On Services | **826** | 800 |
| | **43,980** | 40,694 |

The Group's revenues are substantially generated in the U.S., with revenues attributed to the U.S. for the 12 months ended June 30, 2023 totaling US$42.7 million (US$39.6 million for the 12 months ended June 30, 2022).

### Trade Accounts Receivable

As at June 30, 2023, and June 30, 2022, the Company had negligible trade accounts receivable.

### Contract Liabilities

The Group has recognised the following revenue-related contract liabilities:

| *US$ in thousands* | **As at June 30, 2023** | As at June 30, 2022 |
|---|---|---|
| Contract liabilities | **22,102** | 22,607 |

Contract liabilities consists of membership fees and renewal fees prepaid by subscribers for which the related services had not been rendered in full as at the end of each financial period. The portion to be recognised over the next 12 months will be classified as current liabilities in the consolidated statement of financial position. All contract liabilities are expected to be recognized as revenue within one year. The amount of revenue recognized for the 12 months ended June 30, 2023 that was included in the contract liabilities balance at the beginning of the year was US$22.6 million (at the beginning of the year ended June 30, 2022: US$19.7 million).

### Seasonality

The Company has no material impact due to seasonality.

## 6 OTHER NON-OPERATING EXPENSE

The Group has recorded the following other non-operating expenses:

| *US$ in thousands* | **12 months ended June 30, 2023** | 12 months ended June 30, 2022 |
|---|---|---|
| Other | **(283)** | (6,331) |
| | **(283)** | (6,331) |

Other non-operating expenses for the 12 months ended June 30, 2022 was primarily comprised of the unretrieved portion of the Unauthorized Disbursement which was written off in the 12 months ended June 30, 2022, of which further details are set out in the 2021–22 Annual Report of the Company.

## 7. INCOME TAXES

### Income tax expense

**(a)** ***Cayman Islands corporate income tax ("CIT")***

Under the current tax laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to the Shareholders, no Cayman Islands withholding tax will be imposed in the Cayman Islands. The Company is a tax resident in Hong Kong and subject to Hong Kong income tax.

**(b)** ***United Kingdom CIT***

Entities incorporated in the UK are subject to UK CIT at a rate of 19% for both the 12 months ended June 30, 2023 and the 12 months ended June 30, 2022. A UK CIT rate of 25% was enacted on June 10, 2021 which is applicable on profits arising from April 1, 2023 onwards. Deferred tax liabilities and deferred tax assets have been recognised at 25% to the extent that they are expected to reverse after April 1, 2023.

**(c)** ***United States CIT***

The CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the U.S. and was calculated in accordance with the relevant regulations of the U.S. after considering the available tax benefits from refunds and allowances. The U.S. Federal CIT rate is 21% for both the 12 months ended June 30, 2023 and the 12 months ended June 30, 2022. The Company files corporate state and local tax returns in the jurisdictions where it operates. In addition, upon payment of dividends by these companies to their shareholders, a withholding tax of 5% will be imposed.

**(d)** ***Taiwan CIT***

Entities incorporated in Taiwan are subject to Taiwan CIT at a rate of 20% for both the 12 months ended June 30, 2023 and the 12 months ended June 30, 2022. The Company is taxed in Taiwan because it is deemed to have a taxable presence there under Taiwan CIT law.

**(e)** ***Canada CIT***

Entities incorporated in Canada are subject to Canada CIT at a rate of 26.5% for both the 12 months ended June 30, 2023 and the 12 months ended June 30, 2022.

**(f)** ***Global income tax expense/(benefit)***

The components of global income tax charged/(credited) to the consolidated statement of profit or loss and other comprehensive income or loss are as follows:

| *US$ in thousands* | **12 months ended June 30, 2023** | 12 months ended June 30, 2022 |
|---|---|---|
| Current income tax | **549** | (92) |
| Deferred income tax | **1** | (632) |
| | **550** | (724) |

## 8. LOSS PER SHARE

Basic loss per Share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

| | **12 months ended June 30, 2023** | 12 months ended June 30, 2022 |
|---|---|---|
| The Group's loss attributable to owners of the Company *(US$ in thousands)* | **(8,843)** | (11,592) |
| Weighted average number of shares in issue *(in millions)* | **453** | 455 |
| Basic and diluted loss per Share *(USD per Share)* | **(0.020)** | (0.025) |

Diluted losses per Share is calculated by adjusting the weighted average number of ordinary shares in issue during the year (excluding the ordinary shares purchased by the Company under the RSA Schemes and ERR Program) to assume conversion of all dilutive potential ordinary shares. The Group has no dilutive potential ordinary shares during the 12 months ended June 30, 2023 or the 12 months ended June 30, 2022, and accordingly the diluted losses per Share equals the basic loss per Share.

## 9. DIVIDENDS

No dividends have been paid or declared by the Company for the 12 months ended June 30, 2023 nor for the 12 months ended June 30, 2022.

## 10. BORROWINGS

Our total borrowing balance as at June 30, 2023, was US$24.0 million with variable interest rates per annum ranged between 3.60%–8.18% (June 30, 2022: US$28.5 million with variable interest rates per annum ranged between 1.68%–4.80%). The borrowings are secured by certain bank deposits and are in US$. During the reporting period, the Group obtained from its lender exemptions regarding certain missed covenants applicable to the 12 months ended June 30, 2022 and June 30, 2023, respectively. On 20 July 2023, the Group entered into the agreement with its lender for extension by three months from December 2023 to March 2024.

## 11. TRADE PAYABLES

Aging analysis of the trade payables based on invoice date at the end of each reporting period is as follows:

| *US$ in thousands* | **As at June 30, 2023** | As at June 30, 2022 |
|---|---|---|
| Current | **215** | 1,469 |
| Within 1 month | **149** | 1,216 |
| Due 1 to 3 months | **58** | — |
| Due over 3 months but less than 12 months | **213** | — |
| | **635** | 2,685 |

The average credit period is within 29.5 days for the current year (2022: within 76.2 days). The Group considered that the carrying amounts of trade payables approximated to their respective fair values as at June 30, 2023 and June 30, 2022.

The carrying amounts of trade payables are mainly denominated in US$.

## 12. EVENTS AFTER THE REPORTING PERIOD

On July 20, 2023, the Group entered into the agreement with the lender of its bank borrowings to extend the repayment date by three months from December 2023 to March 2024. Save as disclosed above, there were no other significant events affecting the Group subsequent to the end of the 12 months ended June 30, 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Overview

Despite the economic slowdown triggered in large by the rapid tightening of global monetary policy in response to inflation, the 12 months ended June 30, 2023 saw positive developments across the globe, including the clean energy transition in Europe and labor market resiliency in the United States. As development of the healthcare systems centers around digital transformation, we remain fully committed in delivering innovative and trusted technologies with a view to digitize various aspects of healthcare, with a primary focus on vendor and medical credentialing.

During the fiscal year, the Company continued to invest in technology products such as BioBytes™ and our medical credentialing service, and expand into the Taiwanese market for virtual medical consultations. Our business strategy continues to focus on connecting the supply side of healthcare with the demand side of healthcare on a technology platform that delivers trusted interactions. The Group's revenue increased by 8.1% from US$40.7 million for the 12 months ended June 30, 2022 to US$44.0 million for the 12 months ended June 30, 2023. The increase is primarily attributable to higher average subscription fees. Our gross profit increased by 11.0% from US$35.3 million for the 12 months ended June 30, 2022 to US$39.2 million for the 12 months ended June 30, 2023. Gross profit margin also increased year-on-year by 2.3% to 89.1% for the 12 months ended June 30, 2023. The increases in gross profit and gross profit margin are mainly driven by higher average subscription fees and the decrease in cost of revenues for our eBadge technology of US$0.6 million.

We had 125,750 paying subscribers as at June 30, 2023, compared to 126,615 as at June 30, 2022. Our medical credentialing subscriber base increased by 181.1% and our United Kingdom subscriber base increased by 4.8%. As of June 30, 2023, we had 9,812 Registered LoCs, which is a 5.5% decrease as compared to June 30, 2022.

## Outlook

Inflation rate in the U.S. has steadily declined since reaching a peak of 9% in June 2022. in large due to slowed economic activity, triggered by the rapid tightening from the Federal Reserves. As wage growth moderates and becomes less broad-based, more compression is expected in the months ahead as the labor market rebalances. That said, cost pressures continue in this tight labor market, with unemployment rate in the U.S. hitting a record low of 3.4% since the last 53 years.

Technology and regulatory compliance are part of our core business, especially where locations are dependent on highly complex and every changing supply chains. The size and scale of healthcare necessitates reliance on technology solutions as the only reasonable option. Management believes these macro market drivers favor the Company's unique value proposition of connecting the supply and demand sides of care on a single, extensible, trusted, and end-to-end technology platform, which is one of the most efficient and cost-effective solutions available in the market today. Our solutions work virtually across all geographical locations and perform as well on physical premises as they do online. As a result, we expect our growth will come from three key areas which are:

(1) **Expansion into all types of LoCs on the platform including the home healthcare market.** We have recently partnered with Taiwan providers and LoCs to provide telemedicine visits which allow patients to communicate with healthcare providers using technology, as opposed to physically visiting a doctor's office or hospital. In addition, our BioBytes™ technologies allow for remote patient monitoring. This allows caregivers to monitor patients who use mobile medical equipment to collect data on health indices like blood pressure, blood sugar levels, etc.

(2) **Growth of the community and technology of the platform.** We use our attractive, extensible and open technology platform to extend our markets and capabilities through strategic alliances and innovative partnerships. As one of the open solutions that welcome all trusted people, places and devices, our multinational platform provides markets and sales channels to partners. Each time we attract a new alliance and partnership, the value of the platform grows exponentially for everyone in our healthcare community.

(3) **Regional leadership for geographic expansion.** Dedicated commercial leadership in each region we serve creates closer relationships with customers. These close relationships will improve our market sensing capabilities, further enhancing our ability to anticipate new and leading market trends. Moreover, these regional executives will lead the Company's geographic expansion efforts, operating verticals, partnerships, and humanitarian efforts.

## Assets

Total assets of the Company decreased by US$15.8 million from US$74.4 million as at June 30, 2022 to US$58.6 million as at June 30, 2023. The decrease is primarily related to purchases of RSA shares and expenses associated to technology development for Medical Staff Office ("**MSO**") and new products.

## Liquidity

During the reporting period, despite having achieved revenue growth and improvement in our net loss, our current ratio weakened from 0.7 at June 30, 2022 to 0.5 as of June 30, 2023. The decrease in our current ratio is primarily a result of repayments on borrowings, and R&D, marketing and other costs in commercializing our medical credentialing business and our eBadge technology.

As at June 30, 2023, we had total current liabilities of US$54.4 million comprising mainly (i) contract liabilities totalling US$22.1 million and (ii) bank and other borrowings and lease liabilities of US$24.9 million which are repayable within the next twelve months.

Our contract liabilities represent subscription fees prepaid by our customers for which the purchased services had not been rendered in full. Given our high gross profit margin (89.1% for the 12 months ended June 30, 2023), the actual cost of revenue for such services is expected to be substantially lower than the stated amount of contract liability. Further, as the development of our MSO products is substantially complete, we expect our operating expenses associated with technology development will decrease substantially in the next 12 months.

Furthermore, we have extended the repayment date of our outstanding bank borrowings of approximately US$24.0 million, which are originally due and payable in December 2023. On July 20, 2023, the Group entered into an agreement with the lending bank to extend the maturity of the bank loan to March 2024.

Given the above, the Directors believe the Group will have sufficient working capital to maintain its operations in the next twelve months from June 30, 2023. For further details of the measures that we have taken to improve our liquidity position, please refer to Note 1 ("**Basis of Preparation**") to the consolidated financial statements contained in this results announcements. Nonetheless, as future government actions, financial market and other macroeconomic conditions remain uncertain, Shareholders should note that the Board's assessment with respect to the future business operations and liquidity of the Group are based on currently available information about the business, industries, technology, and regions of operations and should not be taken as guarantees of future performance, actions, or events.

## RESULTS OF OPERATIONS

This annual results announcement is reporting results of operations for the 12-month period from July 1, 2022 to June 30, 2023 as compared to the 12-month period from July 1, 2021 to June 30, 2022 for comparative purposes.

The following table sets forth certain income and expense items from our consolidated statements of profit or loss for the periods indicated:

| *US$ in thousands* | **12 months ended June 30, 2023** | 12 months ended June 30, 2022 |
|---|---|---|
| **Revenue** | **43,980** | 40,694 |
| Cost of revenue | **(4,806)** | (5,388) |
| **Gross profit** | **39,174** | 35,306 |
| Selling and marketing expenses | **(5,244)** | (4,245) |
| General and administrative expenses | **(24,349)** | (21,815) |
| Research and Development expenses | **(15,411)** | (14,127) |
| Other (loss)/income | **(467)** | 394 |
| **Operating loss** | **(6,297)** | (4,487) |
| Finance costs | **(2,258)** | (1,520) |
| Finance income | **518** | 95 |
| Other non-operating expenses | **(283)** | (6,331) |
| Share of profit/(loss) of a joint venture, net of tax | **31** | (127) |
| **Loss before income tax** | **(8,289)** | (12,370) |
| Income tax (expense)/benefit | **(550)** | 724 |
| **Loss for the year** | **(8,839)** | (11,646) |
| **Non-IFRS Financial Measures** | | |
| Adjusted — Earnings before interest, taxes, depreciation, and amortisation | **2,506** | 6,755 |

## Revenue

Our revenue increased to US$44.0 million for the 12 months ended June 30, 2023 from US$40.7 million for the 12 months ended June 30, 2022. The increase is primarily attributable to higher average subscription fees.

The following table sets forth a breakdown of our revenue by credentialing solutions and add-on services for the periods indicated:

| *US$ in thousands* | **12 months ended June 30, 2023** | 12 months ended June 30, 2022 | $ Change | % Change |
|---|---|---|---|---|
| Vendor and medical credentialing[1] | **43,154** | 39,894 | 3,260 | 8 |
| Add-on services[2] | **826** | 800 | 26 | 3 |
| **Total** | **43,980** | 40,694 | 3,286 | 8 |

*Notes:*

(1) Primarily revenue from subscription of the annual membership of our vendor and medical credentialing solutions.

(2) Primarily revenue from radiation exposure monitoring, immunisations and vaccinations (including drug and antibody testing), criminal background checks and general & professional liability insurance referrals.

The following table sets out the timing of revenue recognition:

| *US$ in thousands* | **12 months ended June 30, 2023** | 12 months ended June 30, 2022 | $ Change | % Change |
|---|---|---|---|---|
| **Timing of Revenue Recognition** | | | | |
| — Over time | **43,674** | 40,316 | 3,358 | 8 |
| — At a point in time | **306** | 378 | (72) | (19) |
| **Total** | **43,980** | 40,694 | 3,286 | 8 |

**Cost of Revenue**

| *US$ in thousands* | **12 months ended June 30, 2023** | 12 months ended June 30, 2022 | $ Change | % Change |
|---|---|---|---|---|
| Employee expenses | **589** | 466 | 123 | 26 |
| Payment processing fees | **1,181** | 1,184 | (3) | — |
| Depreciation expense | **1,645** | 3,110 | (1,465) | (47) |
| Others[1] | **1,391** | 628 | 763 | 121 |
| **Total** | **4,806** | 5,388 | (582) | (11) |

*Note:*

(1) Representing expenses related primarily to add-on services.

Our total cost of revenues amounted to US$4.8 million for the 12 months ended June 30, 2023, representing a decrease of US$0.6 million from the 12 months ended June 30, 2022. Our total cost of revenue accounted for 10.9% of our total revenue for the 12 months ended June 30, 2023 (12 months ended June 30, 2022: 13.2%). The decrease in our cost as a percentage of revenue is primarily attributable to the revenue growth during the period and a reduction in the cost of revenues for our eBadge technology.

**Gross Profit and Gross Profit Margin**

Our gross profit for the 12 months ended June 30, 2023 increased to US$39.2 million, representing an increase of 11.0% from US$35.3 million for the 12 months ended June 30, 2022. Our gross profit margin increased to 89.1% for the 12 months ended June 30, 2023 from 86.8% for the 12 months ended June 30, 2022. The increases in our gross profit and gross profit margin are mainly driven by higher average subscription fees.

### Selling and Marketing Expenses

The following table sets forth a breakdown of our selling and marketing (commercial) expenses by nature of the expenses for the periods indicated:

| *US$ in thousands* | **12 months ended June 30, 2023** | 12 months ended June 30, 2022 | $ Change | % Change |
|---|---|---|---|---|
| Employee expenses | **4,358** | 3,365 | 993 | 30 |
| Promotion and advertisement expenses | **460** | 682 | (222) | (33) |
| Others(1) | **426** | 198 | 228 | 115 |
| **Total** | **5,244** | 4,245 | 999 | 24 |

*Note:*

(1) Including dues and subscriptions, professional service fees and office supplies.

Our selling and marketing expenses increased to US$5.2million for the 12 months ended June 30, 2023 from US$4.2million for the 12 months ended June 30, 2022. This increase was primarily attributable to increased staffing in our sales and marketing department during the reporting period.

### General and Administrative Expenses

The following table sets forth a breakdown of our general and administrative expenses by nature of the expenses for the periods indicated:

| *US$ in thousands* | **12 months ended June 30, 2023** | 12 months ended June 30, 2022 | $ Change | % Change |
|---|---|---|---|---|
| Employee expenses | **11,053** | 10,437 | 616 | 6 |
| Dues and Subscriptions | **877** | 754 | 123 | 16 |
| Professional Services | **4,938** | 4,877 | 61 | 1 |
| Rent charges | **602** | 820 | (218) | (27) |
| Audit remuneration | **1,184** | 1,300 | (116) | (9) |
| IT hosting and maintenance | **848** | 331 | 517 | 156 |
| Advertising and promotion | **1,255** | 484 | 771 | 160 |
| Others(1) | **3,592** | 2,812 | 780 | 28 |
| **Total** | **24,349** | 21,815 | 2,534 | 12 |

*Note:*

(1) Including amortisation of intangible assets in the amount of US$0.5 million, depreciation of property, plant and equipment in the amount of US$1.6 million, travel expenses of US$0.3 million, office supplies of US$0.4 million and insurance, phone and general office expenses totalling US$0.7 million.

Our general and administrative expenses increased to US$24.3 million for the 12 months ended June 30, 2023, from US$21.8 million for the 12 months ended June 30, 2022. The increase was primarily attributable to increases in employee costs and IT hosting and maintenance.

**Research and Development Expenses**

The following table sets forth a breakdown of our research and development expenses by nature of the expenses for the periods indicated:

| *US$ in thousands* | **12 months ended June 30, 2023** | 12 months ended June 30, 2022 | $ Change | % Change |
|---|---|---|---|---|
| Employee expenses | **7,213** | 5,230 | 1,983 | 38 |
| Professional service fees | **810** | 174 | 636 | 365 |
| Amortisation | **5,041** | 6,174 | (1,133) | (18) |
| IT hosting and maintenance | **2,224** | 2,420 | (196) | (8) |
| Other general expenses | **123** | 129 | (6) | (4) |
| **Total** | **15,411** | 14,127 | 1,284 | 9 |

Our research and development expenses increased to US$15.4 million for the 12 months ended June 30, 2023 from US$14.1 million for the 12 months ended June 30, 2022. The increase was primarily attributable to increases in staffing and consulting professional fees, offset by a reduction in amortisation of capitalised development costs.

**Other Income/Loss**

We incurred other losses of US$0.5 million for the 12 months ended June 30, 2023, compared to other income of US$0.4 million for the 12 months ended June 30, 2022, primarily due to realised foreign exchange losses during the reporting period.

**Finance Costs**

For the 12 months ended June 30, 2023, our finance costs increased to US$2.3 million from US$1.5 million for the 12 months ended June 30, 2022, primarily due to bank charges on financing activities.

**Finance Income**

For the 12 months ended June 30, 2023, our finance income increased to US$0.5 million from US$0.1 million for the 12 months ended June 30, 2022, primarily due interest income on restricted cash during the reporting period.

**Other Non-operating Expense**

Our other non-operating expenses decreased to US$0.3 million for the 12 months ended June 30, 2023, from US$6.3 million for the 12 months ended June 30, 2022. As previously disclosed to the market, the unretrieved portion of the Unauthorized Disbursement was written off in the 12 months ended June 30, 2022, further details of which are set out in the 2021–2022 Annual Report of the Company.

**Income Tax Benefit**

We incurred income tax expense of US$0.6 million for the 12 months ended June 30, 2023, compared to a US$0.7million benefit for the 12 months ended June 30, 2022, primarily due to the utilization of net operating losses to reduce taxable income combined with the reversing impact of temporary differences associated with R&D credits for the 12 months ended June 30, 2022.

**Loss for the Year**

For the first half of the 12 months ended 2023, we decided to maintain a restrictive policy on investments for further development of the MSO and new potential business. A large majority of the Group's investments are reflected in personnel expenses as they are the enablers for setting up infrastructure for growth. Our net loss decreased by 24.1% from US$11.6 million for the 12 months ended June 30, 2022, to US$8.8 million for the 12 months ended June 30, 2023. Our net loss for the 12 months ended June 30, 2023 is mainly attributable to R&D, marketing and other costs in commercializing our medical credentialing business.

**Non-IFRS Measures**

The Company has presented certain non-IFRS measures in this annual results announcement to provide additional information that the management believes is useful to the reader in gaining a more complete understanding of the operational performance and of the trends. Non-IFRS measures may not be comparable to similarly named measures used by other companies. They do not replace and should not be considered comparable to IFRS measures. Non-IFRS measures are not a substitute for a user's calculation and analysis of the financial results as reported under IFRS in this annual results announcement.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) is a Non-IFRS financial measure. The Company believes that each of the non-operating expense items listed below was not an expense arising out of or ancillary to the core business of the Group, being (i) the offering of medical and vendor credentialing solutions for compliance and security purposes in the healthcare industry and (ii) the provision of add-on services, comprising of radiation exposure monitoring, immunizations and vaccinations, criminal background checks and general and professional liability insurance referrals. The Group adopts adjusted EBITDA in its financial and operating decision-making because it reflects the Group's ongoing operating performance in a manner that allows for more meaningful period-to-period comparisons. The Group believes the use of adjusted EBITDA provides investors with greater visibility in understanding and evaluating its operating performance and future prospects the way the management does by excluding the above mentioned non-operating expense and the income tax benefit, net interest expense, depreciation of property and equipment, and amortisation and impairment of intangible assets during the reporting period, which are non-recurring in nature or may not be reflective of the Company's core operating results and business outlook.

***Adjusted — Earnings Before Interest, Taxes, Depreciation, and Amortisation ("EBITDA")***

| *US$ in thousands* | **12 months ended June 30, 2023** | 12 months ended June 30, 2022 | $ Change | % Change |
|---|---|---|---|---|
| **Loss for the year (IFRS)** | **(8,839)** | (11,646) | 2,807 | (24) |
| Income tax (expense)/benefit | **(550)** | 724 | (1,274) | (176) |
| **Loss before income tax** | **(8,289)** | (12,370) | 4,081 | (33) |
| Interest expense, net | **1,740** | 1,425 | 315 | 22 |
| **Loss before interest and taxes** | **(6,549)** | (10,945) | 4,396 | (40) |
| Depreciation | **3,242** | 4,547 | (1,305) | (29) |
| Total Amortization | **5,561** | 6,695 | (1,134) | (17) |
| Other non-operating expenses(1) | **252** | 6,458 | (6,206) | (96) |
| **Adjusted EBITDA (Non-IFRS)** | **2,506** | 6,755 | (4,249) | (63) |

We use adjusted EBITDA, which represents net income before (i) income tax expense, and net interest (income)/expense, and (ii) certain non-cash expenses, consisting of depreciation of property and equipment, rent cost relating to certain right-of-use assets, amortisation and other non-operating (income)/expense, including share of results of equity (joint venture) investees, which we do not believe are reflective of our core operating performance during the periods presented.

*Note:*

(1) Other non-operating expenses for the 12 months ended June 30, 2023 included US$283 thousand in expenses related to potential acquisitions, and included US$31 thousand related to gains from investment in joint venture. Other non-operating expenses for the 12 months ended June 30, 2022 included US$6.0 million related to unauthorized disbursement, and included US$127 thousand related to losses from investment in joint venture and US$394 thousands related to potential acquisitions, partially offset by gain on redemption of promissory notes US$93 thousand.

## FINANCIAL POSITION

### Discussion of Certain Key Balance Sheet Items

The following table sets forth a breakdown of our current assets and current liabilities and total equity as at the dates indicated:

| *US$ in thousands* | **As at June 30, 2023** | As at June 30, 2022 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Financial assets at fair value through other comprehensive income | **276** | 812 |
| Deposits, prepayments and other receivables | **1,586** | 2,515 |
| Restricted cash | **10,800** | 12,750 |
| Cash and cash equivalents | **12,758** | 23,506 |
| **Total current assets** | **25,420** | 39,583 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Borrowings | **24,018** | 28,511 |
| Lease liabilities | **913** | 810 |
| Trade payables | **635** | 2,685 |
| Other payables | **5,262** | 3,335 |
| Amounts due to related parties | **562** | 743 |
| Contract liabilities | **22,102** | 22,607 |
| Current income tax liabilities | **943** | — |
| **Total current liabilities** | **54,435** | 58,691 |
| **NET CURRENT LIABILITIES** | | |
| **Net current liabilities** | **(29,015)** | (19,108) |
| **EQUITY** | | |
| **Total equity and non-controlling interest** | **(4,084)** | 6,421 |

**Financial assets at fair value through other comprehensive income**

The primary decrease in financial assets at fair value through other comprehensive incomes is related to the changes in fair market value of the underlying equity securities.

**Deposits, Prepayments and Other Receivables**

Our deposits, prepayments and other receivables decreased to US$1.7 million as at June 30, 2023 from US$2.7 million as at June 30, 2022. The decrease was mainly associated with reductions of prepaid expenses during the reporting period.

**Trade Payables**

Our trade payables of US$0.6 million as at June 30, 2023, decreased from US$2.7 million as at June 30, 2022, primarily due to timely repayments.

**Borrowings**

Our total borrowings as of June 30, 2023 amounted to US$24.0 million, representing a 15.8% decrease from the balance of US$28.5 million as of June 30, 2022. During the reporting period, the Group obtained from its lender exemptions regarding certain missed covenants applicable to the 12 months ended June 30, 2022 and June 30, 2023, respectively.

**Amounts Due to Related Parties**

Our amounts due to related parties were US$562 thousand as at June 30, 2023, compared to US$743 thousand as at June 30, 2022. The decrease is primarily a result of management contract with the Group's chief product officer.

**Contract Liabilities**

Contract liabilities mainly consist of membership fees prepaid by subscribers for which the related services had not been rendered in full as at the relevant balance sheet dates. The prepaid fees will be recognised over the next 12 months. These fees are classified as current liabilities in the consolidated statement of financial position.

Our contract liabilities decreased by 2.2% to US$22.1 million as at June 30, 2023, compared to US$22.6 million as at June 30, 2022. The change is primarily attributable to a decrease in our total subscribers, which effect was partially offset by our increased membership fees.

## Equity

Our total equities were US$6.4 million and deficit of US$4.1 million and as at June 30, 2022, and June 30, 2023, respectively. The decrease was primarily due to acquisitions by the Group in the open market of RSA shares pursuant to the RSA Schemes, equaling a US$2.0 million reduction in equity, and our net loss for the 12 months ended June 30, 2023.

## KEY FINANCIAL RATIOS

The following table sets forth key financial ratios as at and for the periods indicated:

| | **As at and for the 12 months ended June 30, 2023** | As at and for the 12 months ended June 30, 2022 |
|---|---|---|
| Gross Profit margin | **89.1%** | 86.8% |
| Net Profit margin | **(20.1)%** | (28.6)% |
| Working capital *(US$ in thousands)*(1) | **(29,015)** | (19,108) |
| Current ratio(2) | **0.5** | 0.7 |
| Gearing ratio(3) | **(588.1)%** | 444.0% |
| Return on equity(4) | **(756.4)%** | (56.2)% |
| Return on assets(5) | **(13.3)%** | (13.2)% |

*Notes:*

(1) Working capital is calculated by subtracting (i) current liabilities from (ii) current assets as at the date indicated.

(2) Current ratio is calculated by dividing (i) current assets by (ii) current liabilities as at the date indicated.

(3) Gearing ratio is calculated by dividing (i) total debts by (ii) total equity.

(4) Return on equity is calculated by dividing (i) loss for the year by (ii) the average of the beginning and end balance of total equity of the year.

(5) Return on assets is calculated by dividing (i) loss for the year by (ii) the average of the beginning and end balance of total assets of the year.

## Gross Profit Margin

For details of our gross profit margin, see "Results of Operations — Gross Profit and Gross Profit Margin".

## Net Profit Margin

For details of our net profit margin, see "Results of Operations — Loss for the Year".

## Working Capital

Our working capital as at June 30, 2023 decreased by US$9.9 million, from June 30, 2022. The decrease is primarily related to cash used in operations for the twelve months ended June 30, 2023 and repayments of borrowings of US$4.5 million during the same period.

## Current Ratio

The current ratio weakened from 0.7 at June 30, 2022 to 0.5 as of June 30, 2023. The decrease in our current ratio is primarily a result of repayments on borrowings, and R&D, marketing and other costs in commercializing our medical credentialing business and our eBadge technology.

## Gearing Ratio

Our gearing ratio (calculated by dividing (i) total debts by (ii) total equity) increased to negative of 588.1% as at June 30, 2023, from 444.0% as at June 30, 2022, is primarily due to due to acquisitions by the Group in the open market of RSA shares pursuant to the Group's RSA Schemes equaling a US$2.0million reduction in equity, and our net loss for the twelve months ended June 30, 2023, and borrowing repayments of US$4.5 million during the same period.

## Return on Equity

Our return on equity for the 12 months ended June 30, 2023 was negative of 756.4%. The decline from negative of 56.2% for 12 months ended June 30, 2022 was primarily due to acquisitions by the Group in the open market of RSA shares pursuant to the Group's RSA Schemes equaling a US$2.0 million reduction in equity, and our net loss for the 12 months ended June 30, 2023.

## Return on Assets

Our return on assets for the 12 months ended June 30, 2023 was negative of 13.3%, which did not fluctuate materially from our return on assets of negative of 13.2% for the 12 months ended June 30, 2022.

## LIQUIDITY AND FINANCIAL RESOURCES

Our Group's financing and treasury activities are centrally managed and controlled at the corporate level. The Group's overall treasury and funding policies focus on managing financial risks, including interest rate and foreign exchange risks; cost-efficient funding of the Company and its subsidiaries; and yield enhancement from time-to-time when the Group's cash position allows. The Group has always adhered to prudent financial management principles, including the selection of investment securities according to the Group's treasury investment policy.

Our primary uses of capital are to satisfy our working capital needs and to fund our Research and Development and market acquisition initiatives. Our working capital is predominantly financed from cash generated from our operating activities, comprised of cash payments received from our annual subscription memberships and add-on services and bank borrowings. In managing our liquidity, our management monitors and maintains a reasonable level of cash and cash equivalents deemed adequate by our management to finance our operations and to mitigate the impacts of fluctuations in cash flows. The main sources of liquidity are cash and cash equivalents on hand and the cash generated from operating activities.

For the 12 months ended June 30, 2023, we decided to maintain a restrictive policy on investments for further development of the MSO and new potential business. A large majority of the Group's operating expenses are reflected in personnel expenses as our employees are the enablers for setting up infrastructure for growth as reflected in our 2024 projections. Our net loss of US$8.8 million for the 12 months ended June 30, 2023 is mainly attributable to R&D, marketing and other costs in commercializing our medical credentialing business. During the same period, the Group instructed the trustees of the RSA Schemes to acquire in the open market shares equaling US$2.0 million pursuant to the Group's RSA Schemes. Such expenses represented our investment in employees with a view to retain key talents contributing to our business growth and maximise our Shareholder value.

As at June 30, 2023, we had bank and other borrowings and lease liabilities repayable within the next twelve months totalling US$24.9 million, whereas our cash and cash equivalents and restricted cash amounted to US$23.7 million. We have proactively taken various measures to improve our liquidity position, details of which are set out in Note 1 ("**Basis of Preparation**") to the consolidated financial statements contained in this results announcements. See the section headed "Management Discussion and Analysis — Liquidity" for a discussion on the sufficiency of our working capital for the next twelve months from June 30, 2023.

Our total borrowings as of June 30, 2023 amounted to US$24.0 million, representing a 15.8% decrease from the balance as of June 30, 2022 totaling US$28.5 million. We have obtained from the lender exemptions for certain missed covenants applicable to both the reporting period ended June 2023 and June 2022.

**Net Current Assets/liabilities**

We incurred net current liabilities of US$29.0 million as at June 30, 2023, an increase compared to US$19.1 million as at June 30, 2022. Total current assets decreased by US$14.2 million, and total current liabilities decreased by US$4.3 million, primarily due to repayments of borrowings, acquisitions by the Group in the open market of RSA shares equaling US$2.0 million pursuant to the Group's RSA Schemes, and cash used in operations for the 12 months ended June 30, 2023.

**Restricted Cash**

The current and non-current portions of our restricted cash consisted predominantly of restricted deposits held at the relevant lenders as security corresponding to the current and non-current portions of relevant bank facilities, respectively. Our total restricted cash as at June 30, 2023 amounted to US$10.9 million, and our total restricted cash as at June 30, 2022 amounted to US$12.8 million. The decrease was due to repayments of borrowings during the 12 months ended June 30, 2023.

The following table sets forth a breakdown of our restricted cash for the periods indicated:

| *US$ in thousands* | **As at June 30, 2023** | As at June 30, 2022 |
|---|---|---|
| Restricted cash — Non-current | **143** | 94 |
| Restricted cash — Current | **10,800** | 12,750 |
| **Total** | **10,943** | 12,844 |

The current restricted cash as at June 30, 2023 represented the restricted deposits held as security for the current portion of a bank facility of our Group. The non-current restricted cash of US$0.1 million as at June 30, 2023 represented the restricted deposits held in the employee shares trust.

## PLEDGE OF ASSETS

As at June 30, 2023, the Group has pledged current assets in the form of restricted cash of US$10.9 million as collateral against its bank borrowings.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

We operate mainly in the U.S. with most of the transactions settled in U.S. dollars. Our business is exposed to foreign exchange risk relating primarily to the U.K. where most of research and development activities are performed. During the 12 months ended June 30, 2023, the Company did not issue any financial instruments for hedging purposes. As we monitor the growth of the Company in association with the local revenue and expenses, the management will consider hedging significant foreign currency exposure should the need arise. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

Cash and cash equivalents, short-term bank deposits, restricted cash, and promissory notes are denominated in the following currencies:

| *US$ in thousands* | **As at June 30, 2023** | As at June 30, 2022 |
|---|---|---|
| HKD | **238** | 2,788 |
| USD | **11,671** | 20,014 |
| GBP | **708** | 625 |
| NTD | **67** | 37 |
| CAD | **63** | 42 |
| EUR | **11** | — |
| **Total** | **12,758** | 23,506 |

## INDEBTEDNESS

### Borrowings

Our total borrowing balance as at June 30, 2023 amounted to US$24.0 million with variable interest rates per annum ranged between 3.60%–8.18% (June 30, 2022: US$28.5 million with variable interest rates per annum ranged between 1.68%–4.80%). As at June 30, 2023, there were no borrowings with fixed interest rates. The borrowings are secured by certain bank deposits and are in US$.

During the 12 months ended June 30, 2023, the Company did not issue any financial instruments for hedging purposes.

| *US$ in thousands* | **As at June 30, 2023** | As at June 30, 2022 |
|---|---|---|
| **Borrowings** | | |
| — Current | **24,018** | 28,511 |
| — Non-current | **—** | — |
| **Total** | **24,018** | 28,511 |

### Contingent Liabilities

As at June 30, 2023, the Company had the following contingent liabilities:

In April 2018, a former employee of the Group's subsidiary, IntelliCentrics, Inc., filed a lawsuit in Denton County, Texas, U.S., against IntelliCentrics, Inc. The parties agreed to a settlement of $10,000 on August 25, 2023. The payment was delivered on September 14, 2023.

In April 2022, a former employee of the Group's subsidiary, IntelliCentrics, Inc., filed a lawsuit against IntelliCentrics, Inc. The former employee asserted certain claims: breach of employment agreement and wrongful termination. As at the date of this annual results announcement, the lawsuit is ongoing. In review of the status with our external counsel, the Group does not expect an adverse outcome and no provision is recorded.

Except as disclosed above, as at June 30, 2023, the Group did not have other known contingent liabilities.

## OTHER INFORMATION

### Employees and Remuneration Policy

As of June 30, 2023, the Group had 184 employees (June 30, 2022: 143 employees). Total staff remuneration expenses including Directors' remuneration for the 12 months ended June 30, 2023, equals US$30.5 million (June 30, 2022: US$19.5 million). Remuneration is determined, in accordance with the prevailing industry practice, with reference to performance, skills, qualifications, and experience of the staff members. In addition to salary payments made by the Group, other staff benefits include social insurance and housing provident contributions, performance-based compensation, and discretionary bonus. Employee remuneration is reviewed annually to local market trends. The Group has also adopted the Pre-IPO Share Option Scheme, the RSA Scheme, and the RSA Scheme for Core Connected Persons to attract, retain, and incentivise our key employees to accelerate the Company's growth.

The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. When determining the emolument of a Director, the following considerations are given: experience, duties and responsibilities, time commitment, and the prevailing market conditions.

### Dividends

The Board does not recommend the payment of a final dividend for the 12 months ended June 30, 2023.

**Review of the Annual Results by the Audit Committee**

The Audit Committee comprises three members, namely, Mr. Wong Man Chung Francis (independent non-executive Director), Mr. Leo Hermacinski (non-executive Director), and Mr. Liao Xiaoxin (independent non-executive Director). Mr. Wong Man Chung Francis is a Certified Public Accountant who possesses the appropriate accounting or related financial management expertise, and is the chairman of the Audit Committee. The audited consolidated annual financial information of the Group for the year ended June 30, 2023 has been reviewed by the Audit Committee.

**Review of the Annual Results by the External Auditor**

This annual results announcement is based on the audited consolidated financial statements of the Group for the year ended June 30, 2023 which have been agreed with the external auditor of the Company.

The following is an extract of the independent auditor's report on the consolidated financial statements of the Group for the year ended June 30, 2023.

***Opinion***

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

***Material Uncertainty Relating to Going Concern***

We draw attention to Note 2 to the consolidated financial statements, which indicates that the Group recorded a net loss of approximately US$8,839,000 for the year ended 30 June 2023 and net liabilities of approximately US$4,084,000 as at the year ended. As at 30 June 2023, the Group's bank and other borrowings and lease liabilities repayable within twelve months totalled approximately US$24,931,000 while the Group's cash and cash equivalents and restricted cash were approximately US$23,701,000. These conditions, along with other events and conditions as set forth in Note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Measures To Improve Our Liquidity Position**

We have proactively adopted various measures to improve our liquidity position, including but not limited to the following:

(i) reduce cash outflows from acquisition of RSA shares and elect not to conduct any repurchase of Shares;

(ii) reduce the purchases of property, plant and equipment; and

(iii) continue to pursue financing.

For further details on the mitigating measures taken by the Group to improve its financial position and performance, please refer to Note 1 to the consolidated financial statements ("**Basis of Preparation**") contained in this results announcement.

**Corporate Governance Practice**

The Board is committed to maintaining high corporate governance standards. During the 12 months ended June 30, 2023 Company has applied the principles and code provisions as set forth in the CG Code which are applicable to the Company. In the opinion of the Directors, the Company has complied with all applicable code provisions as set out in the CG Code during the 12 months ended June 30, 2023.

**Model Code for Securities Transactions**

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors. The Company has set additional guidelines at least as strict as the Model Code for transactions of the Company's securities for the relevant employees (as defined in the Listing Rules).

The Company has made specific inquiries to all Directors about their compliance with the Model Code. All Directors confirmed that they were in compliance with the standards specified in the Model Code during the period from their respective appointment date until June 30, 2023. The Company has made specific inquiries of relevant employees about their adherence to the guidelines on transactions of the Company's securities. The Company did not notice any violation of the guidelines.

**Purchase, Sale or Redemption of the Company's Listed Securities**

Save for the Shares as may be purchased by the trustee from time to time pursuant to the RSA Schemes, during the 12 months ended June 30, 2023, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the reporting period.

**Events After the Reporting Period**

On July 20, 2023, the Group entered into the agreement with the lender of its bank borrowings to extend the repayment date by three months from December 2023 to March 2024. Save as disclosed above, there were no significant events affecting the Group subsequent to the end of the 12 months ended June 30, 2023.

**Publication of Annual Results Announcement, Audited Annual Results Announcement and Annual Report**

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.intellicentrics-global.com. The annual report of the Company for the 12 months ended June 30, 2023 is expected to be published on the aforesaid websites and dispatched to the Shareholders in due course.

## DEFINITIONS

| | |
|---|---|
| "2021/22 Annual Report" | the 2021/22 annual report of the Company dated October 7, 2022; |
| "Audit Committee" | the audit committee of the Board; |
| "Board" or "Board of Directors" | the board of Directors of the Company; |
| "CG Code" | Corporate Governance Code as set out in Appendix 14 to the Listing Rules; |
| "Company" or "IntelliCentrics" | IntelliCentrics Global Holdings Ltd. (中智全球控股有限公司), which is an exempted company with limited liability incorporated in the Cayman Islands on June 3, 2016 and the Shares of which are listed on the Main Board of the Stock Exchange on March 27, 2019; |
| "Director(s)" | director(s) of the Company; |
| "EBITDA" | Non-IFRS measure of earnings before interest, taxes, depreciation, and amortisation; |
| "FVOCI' | fair value through other comprehensive income; |
| "Group", "our Group", "we" or "us" | the Company and its subsidiaries at the relevant time and, in respect of the period before the Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be); |
| "IAS" | International Accounting Standards; |
| "IASB" | International Accounting Standards Board; |
| "IFRS" | International Financial Reporting Standards; |
| "IPO" | an initial public offering of the Shares and listing of the Shares on the Main Board of the Stock Exchange; |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time; |
| "LoC(s)" | location(s) of care, including hospitals, physician offices and other types of locations where healthcare services are provided such as imaging centers, and long-term care centers; |
| "Model Code" | the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules; |
| "Pre-IPO Share Option Scheme" | the share option plan adopted by the Board on August 7, 2018; |

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|---|---|
| "R&D" | research and development; |
| "RSA Scheme" | the Restricted Share Award Scheme amended and restated by the Company on June 7, 2022; |
| "RSA Scheme for Core Connected Persons" | the Restricted Share Award Scheme for Core Connected Persons amended and restated by the Company on June 7, 2022; |
| "RSA Schemes" | the RSA Scheme and the RSA Scheme for Core Connected Persons; |
| "Share(s)" | ordinary share(s) in the capital of the Company with nominal value of US$0.0001 each; |
| "Share Award(s)" | the awards(s) granted by the Company under the RSA Scheme or the RSA Scheme for Core Connected Persons; |
| "Shareholder(s)" | holder(s) of the Share(s); |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited; |
| "UK", or "United Kingdom" | the United Kingdom of Great Britain and Northern Ireland; |
| "Unauthorised Disbursements" | unauthorized disbursement of funds in the aggregate amount of US$7.0 million to bank accounts unassociated with the Company as a result of social engineering crime in July 2021 which targeted the Company. Further details of the Unauthorized Disbursements are set out in the announcements of the Company dated July 12, 2021, July 22, 2021, and January 24, 2022; |
| "USD", "U.S. dollars" or "US$" | U.S. dollars, the lawful currency of the United States of America; |
| "U.S.", "USA" or "United States" | the United States of America; and |
| "%" | Percent. |

By order of the Board
**IntelliCentrics Global Holdings Ltd.**
**LIN Tzung-Liang**
*Chairman of the Board*

Hong Kong, September 29, 2023

*As at the date of this announcement, the executive Directors are Mr. LIN Tzung-Liang and Mr. Michael James SHEEHAN; the non-executive Directors are Mr. LIN Kuo-Chang and Mr. Leo HERMACINSKI; and the independent non-executive Directors are Mr. HSIEH Yu Tien, Mr. WONG Man Chung Francis and Mr. LIAO Xiaoxin*