Lifespot Health Ltd

ACN 611 845 820

Annual Report - 31 December 2020

Lifespot Health Ltd
Corporate directory
31 December 2020

Directors	Francesco Cannavo Rodney Hannington Justyn Stedwell
Company secretary	Nova Taylor
Registered office	Suite 103, Level 1 2 Queen Street, Melbourne VIC 3000 Ph : 03 8395 5446
Principal place of business	Suite 103, Level 1 2 Queen Street, Melbourne VIC 3000
Share register	Computershare Investor Services Pty Ltd 452 Johnston Street Abbotsford Vic 3067 Ph : 03 9415 5000
Auditor	HLB Mann Judd (Vic Partnership) Level 9 575 Bourke Street Melbourne VIC 3000
Stock exchange listing	Lifespot Health Ltd shares are listed on the Australian Securities Exchange (ASX code: LSH)
Corporate Governance Statement	Refer to www.lifespot-health.com

Lifespot Health Ltd
Chairman's letter
31 December 2020

Dear Shareholders,

On behalf of the Board of Directors I am pleased to present the Annual Report of Lifespot Health Limited (Lifespot or Company) for the financial year ended December 2020.

Our Company has finished the year well positioned to focus our efforts in Australia on the development and validation of our Medical Cannabis therapeutic platforms, Pain, Anxiety and Insomnia. These are conditions where the Company believes there are large patient populations with significant unmet needs. The speed of onset of action from our Medical Cannabis Inhalers and Systems can add significant value to the Medical Sector and following successful outcomes from our studies result in improved patient outcomes.

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $1,205,276 down 49.52% compared to previous period (31 December 2019: $2,387,735). A significant cost saving from winding down of non-performing German operations continued from 2019 into 2020 with these operations well advanced in the final stages of complete withdrawal from Germany.

Lower revenue of $22k vs $133k in 2019 was due to the lower than expected sales of Fevertel™ systems as the return to work phase of COVID-19 was and continues to be much slower than expected. However, we were able to secure our first order for Medihale products in late December 2020 offsetting some of the sales decline. The Company has completed the development of the Fevertel™ assets and now seeking licensing opportunities for this asset to enable us to focus on the Medihale® Inhaler development programs.

By mid 2020 the Board saw renewed investor and medical community interest and re-focus on Medical Cannabis and were able to attract two new investors Cannvalate and MID Wealth in the later part of the year. Both investor groups strongly support the Company’s focus on medical cannabis inhaler systems and will provide ongoing networking and connections to further our relationships in the sector.

During the year, the company issued 57,204,815 ordinary shares to raise $2,319,728 and settling trade payables totalling $29,347. The costs associated with the capital raised for the year were $137,381. In the first weeks of 2021 the company issued 24,000,000 fully paid ordinary shares raising an additional $960,000 before costs as part of the rights issue shortfall. The Board also welcomed ELA Capital onto our share register and look forward to also leveraging their international network for our medical cannabis inhaler programs.

As we completed the commercial transition from Germany to Australia, the appointment of our CEO Matthew Golden brought a strong capability for successful local and international new product launches. Matthew has conducted a review of the Company’s priorities in telehealth and medical cannabis and defined the key milestones for success in 2021. Matthew and the Board will continue to optimise our inhaler systems commercial strategy to not only benefit from device and software sales but also maximise the available revenue from repeat medication dispensing.

During 2020 we have achieved much whilst managing to keep costs low and I want to thank my fellow Directors for their support and efforts to get to where we are now, at the beginning of a new era for Lifespot in 2021. I would also like to thank Justyn Stedwell for stepping in as an ad-interim Director during the period of unexpected board changes. The Board is working hard to find new Non-Executive Director and expect to replace Justyn before the AGM this year.

The USA EVALI vaping safety concerns of 2019, difficulties in the German transition and the challenges from COVID-19 are behind us now and we are looking forward to a strong 2021 from our studies and commercial activities.

Our future is now firmly anchored in the Biotechnology sector in Australia and we plan to benefit where we can from the vibrant and well supported grants and rebate systems the sector offers.

Finally, I would like to thank our growing number of shareholders for their support over the year and your Board look forward to keeping everyone informed of developments during 2021.

Rodney Hannington
Chairman

Lifespot Health Ltd
Directors' report
31 December 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Lifespot Health Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2020.

Directors

The following persons were directors of Lifespot Health Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Rodney Hannington - Non-Executive Chairman
Andreas Empl - Non-Executive Director (appointed 10 January 2020 and resigned 19 May 2020)
Francesco Cannavo - Non-Executive Director
Greg Plunkett - Non-Executive Director (resigned 10 January 2020)
Justyn Stedwell - Non-Executive Director (appointed 19 May 2020)

Principal activities

The principal activities of the consolidated entity during the period were focused on developing and commercializing medical diagnostic and monitoring technology and digitally enabled drug delivery systems for the medical cannabis sector. The consolidated entity's systems and applications aim to bring safety and efficiencies in the medical system to clients and end users, improving efficacy and saving time & money.

Our Business Model and Objectives

The consolidated entity's strategy is to continue development and commercialisation of the integrated Cannabis Inhaler systems in Australian and Global markets where medical cannabis has the required regulatory approvals.

The consolidated entity's objective is to deliver increases in shareholder value, by delivering against the key elements of the strategy and business model.

There is a clear orientation towards growing the existing businesses within the consolidated entity, however, a disciplined approach to evaluating other investment opportunities is maintained.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $1,205,276 (31 December 2019: $2,387,735).

At 31 December 2020, the consolidated entity had cash and cash equivalents of $1,719,479 (2019: $424,922), a net working capital surplus of $1,319,618 (2019: $268,525) and overall net assets of $1,323,920 (2019: $340,084).

Refer to the Chairman's letter that comes directly before this Directors' Report.

Significant changes in the state of affairs

During the year, the company issued 57,204,815 ordinary shares to raise $2,319,728 and settling trade payables totalling $29,347. The costs associated with the capital raised for the year were $137,381. Further details of shares issued during the year are outlined in note 15 to the financial statements.

Mr Greg Plunkett resigned as director of the company on 10 January 2020 and was replaced by Mr Andreas Empl.

Mr Andreas Empl stood down as director 19th May 2020 and Mr Justyn Stedwell Company Secretary was appointed as Non-Executive Director Ad-Interim.

Matters subsequent to the end of the financial year
On 5 January 2021, the company issued 22,363,891 fully paid ordinary shares valued at $0.07 per share, raising $1,565,472 before costs. Of this amount $87,500 was received before 31 December 2020 and recognised as a current liability.

On 19 January 2021, the company issued 11,329,573 fully paid ordinary shares valued at $0.07 per share, raising $793,070 before costs.

Since 31 December 2020, the consolidated entity has instructed a German lawyer to initiate formal legal proceedings in relation to collection of an other receivable balance of $71,559.

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the consolidated entity by the reporting date. As responses by government continue to evolve; management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the consolidated entity, its operations, its future results and financial position. Subsequent to year end, the state of emergency in Victoria was extended until 9 April 2021. Refer to Note 3 to the financial statements for further information regarding the impact of COVID-19 on the consolidated entity's operations.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation
Due to the nature of legalisation of Medical and Recreational Cannabis the company continues to monitor the fast-changing regulatory environment and is well poised to pursue new markets as the regulatory environments change. The consolidated entity's operations are not affected by other environmental regulation.

Information on directors

Name:	Rodney Hannington
Title:	Non-Executive Chairman
Qualifications:	Rodney graduated from Monash University with a Bachelor's Degree in Marketing.
Experience and expertise:	Rodney has been working in marketing and strategy services in consumer health and fast moving consumer goods in Asia Pacific for over 15 years. He has valuable international experience in Australia, China, Japan, South Korea and South East Asia, Middle East / Africa, Russia and Ukraine markets. Working and consulting with leading Consulting firms in Asia, Mondelez and Novartis and living in Australia, China and Singapore, he has developed extensive experience with a strong network in the health and food industries. He is a strategic and innovative consumer health marketer with deep experience in China and Australia. He has led and been a part of several significant company acquisitions and new product launches in China and Australia as a board member, consultant and employee. He has strong interpersonal skills with broad cultural experience dealing with diverse cross-functional teams.
Other current directorships:	Nil
Former directorships (last 3 years):	Eagle Health Holdings Limited (ASX:EHH - resigned 18 November 2019) and Tymlez Group Limited (ASX:TYM - resigned 29 November 2019)
Interests in shares:	471,521 fully paid ordinary shares
Interests in options:	1,000,000 options over ordinary shares

Name:	Francesco Cannavo
Title:	Non-Executive Director
Experience and expertise:	Francesco Cannavo is an experienced public company director with significant business and investment experience working with companies operating across various industries, and has been instrumental in assisting several listed and unlisted companies achieve their growth strategies through the raising of investment capital and the acquisition of assets. Francesco is an entrepreneur with a strong network of investors and industry contacts in the public company sector throughout the Asia-Pacific region and has extensive experience in capital raisings, investment activities and IPO's.
Other current directorships:	I-Global Holdings Limited (NSX : IGH)
Former directorships (last 3 years):	WONHE Multimedia Commerce Ltd (ASX:WMC - resigned 1 September 2018) and Magnum Mining and Exploration Limited (ASX : MGU - resigned 10 March 2021)
Interests in shares:	Nil
Interests in options:	500,000 options over ordinary shares

Name:	Greg Plunkett
Title:	Non-Executive Director (resigned 10 January 2020)
Qualifications:	Greg holds a Bachelor of Applied Science from Monash University and Master of Medical Science (Drug Development) from the University of New South Wales.
Experience and expertise:	Greg is a highly experienced Pharmaceutical and Medical Device Development Consultant with a proven track record of supporting the registration and commercialization of therapeutic goods in accordance with modern regulatory requirements. Greg has a unique combination of scientific knowledge, a thorough understanding of regulatory environments and experience in the cannabis sector that will add significant value to the Lifespot Board. He continues to be a strategic member of product development teams, successfully transitioning therapeutic goods through all phases, from research to marketing authorization both locally (Australia and New Zealand) and in overseas jurisdictions, including United States (FDA), Europe and the United Kingdom (ANSM, MHRA, FAMHP, PEI) and Asia (Singapore, Malaysia, Thailand, Taiwan).
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Interests in shares:	N/A
Interests in options:	N/A

Name:	Andreas Empl
Title:	Non-Executive Director (appointed 10 January 2020 and resigned 19 May 2020)
Experience and expertise:	Andreas Empl is a learned advertising specialist and worked until the end of the nineties in various functions in the media and communications sector. As one of the first professional investor relations managers on the capital markets in Europe, he worked on a rd. EUR 200 million IPO of an IT marketing company in Germany. Subsequently, Mr. Empl was running his own corporate finance and private equity agencies in Germany for over 10 years. At the same time, he was a member of the board of directors of public listed companies at Frankfurt Stock Exchange. He is today simultaneously sole executive director and CEO of mic AG and Lifespot Capital AG, both public listed investment holdings. Furthermore Mr. Andreas Empl is sitting as Chairman on several boards of public listed and private operative companies, like Securize IT Solutions AG, Germany and DISO AG, Swiss. Mr. Empl has an international network of investor contacts, such as banks, institutions and private equity companies.
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Interests in shares:	N/A
Interests in options:	N/A

Name:	Justyn Stedwell
Title:	Non-Executive Director (appointed 19 May 2020)
Experience and expertise:	Justyn Stedwell has almost 15 years' experience as a Company Secretary of ASX-listed companies in a wide range of industries including biotechnology, agriculture, mining and exploration, information technology and telecommunications. Justyn's qualifications include a Bachelor of Commerce (Economics and Management) from Monash University, a Graduate Diploma of Accounting at Deakin University and a Graduate Diploma in Applied Corporate Governance at the Governance Institute of Australia. He is currently Company Secretary of several ASX-listed companies.
Other current directorships:	Fertoz Limited (ASX:FTZ), Hexagon Energy Materials Limited (ASX:HXG) and I-Global Holdings Limited (NSX : IGH)
Former directorships (last 3 years):	Tymlez Group Limited (ASX:TYM) resigned 2 April 2020 and ECS Botanics Holdings Limited (ASX: EXC) resigned 15 July 2019.
Interests in shares:	Nil
Interests in options:	Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Justyn Stedwell has been company secretary for the entire financial year. Refer to the information on directors for further information about him.

On 4 January 2021, Nova Taylor was appointed as company secretary replacing Justyn Stedwell who will continue as a non-executive director. She has 4 years working in company secretary and assistant company secretary roles for listed entities. She previously worked for Computershare Investor Services Pty Ltd in various roles for 10 years and has a Bachelor of Law from Deakin University.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2020, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Rodney Hannington	15	15
Francesco Cannavo	15	15
Greg Plunkett	1	1
Justyn Stedwell	8	8
Andrea Empl	5	6

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The remuneration policy of Lifespot Health Ltd has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated entity's financial results. The Board of Lifespot Health Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the consolidated entity, as well as creating goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated entity is as follows:

- The remuneration policy is to be developed by the Board;
- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives;
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met;
- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means; and
- The Board reviews KMP packages annually by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors.

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board which performs the functions and responsibilities of the Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives.

The performance of KMP is measured against criteria agreed biannually with each executive and is based predominantly on the forecast growth of the consolidated entity's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP do not receive any other retirement benefits other than any applicable statutory superannuation.

Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement.

All remuneration paid to KMP is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 30 May 2017, where the shareholders approved a maximum annual aggregate remuneration of $300,000.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:
- base pay and non-monetary benefits
- short-term performance incentives
- other remuneration such as superannuation and long service leave

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

Performance-based remuneration
KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the consolidated entity and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the consolidated entity’s goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, the company bases the assessment on audited figures; however, where the KPI involves comparison of the consolidated entity, or a division within the consolidated entity, to the market, independent reports are obtained from organisations such as Standard & Poor’s.

Consolidated entity performance and link to remuneration
The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The method applied to achieve this aim, was a performance-based bonus based on KPIs. The company believes this policy will be effective in increasing shareholder wealth.

Use of remuneration consultants
No remuneration consultant was engaged to assess remuneration this period.

Voting and comments made at the company's 2019 Annual General Meeting ('AGM')
At the 26 June 2020 AGM, 58.2%% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2019. This represents a first strike for remuneration report purposes. The directors have reviewed the company's levels of remuneration and believe that they are appropriate for a company this size and nature.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Post employment benefits	Share-based payments	
2020	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Termination $	Equity-settled $	Total $
Non-Executive Directors:							
R Hannington	78,246	-	-	-	-	-	78,246
F Cannavo	51,041	-	-	-	-	-	51,041
A Empl	16,000	-	-	-	-	-	16,000
J Stedwell	37,150	-	-	-	-	-	37,150
Other Key Management Personnel:							
M Golden *	40,384	-	-	3,837	-	-	44,221
	222,821	-	-	3,837	-	-	226,658

* Represents remuneration from 9 October 2020 to 31 December 2020.

	Short-term benefits			Post-employment benefits	Post employment benefits	Share-based payments	
2019	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Termination $	Equity-settled $	Total $
Non-Executive Directors:							
R Hannington *	136,150	-	-	-	-	16,113	152,263
F Cannavo	50,000	-	-	-	-	8,057	58,057
G Plunkett	43,800	-	-	-	-	8,057	51,857
Executive Directors:							
H Emden	16,618	-	-	-	-	-	16,618
	246,568	-	-	-	-	32,227	278,795

* This amount includes a one time payment of $59,500 received during the year as board approved additional compensation for executive work done in addition to his normal duties as a non-executive director.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2020	2019	2020	2019	2020	2019
Non-Executive Directors:						
F Cannavo	100%	86%	-	-	-	14%
R Hannington	100%	89%	-	-	-	11%
G Plunkett	-	84%	-	-	-	16%
A Empl	100%	-	-	-	-	-
J Stedwell	100%	-	-	-	-	-
Executive Directors:						
H Emdem	-	100%	-	-	-	-
Other Key Management Personnel:						
M Golden	100%	-	-	-	-	-

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Rodney Hannington
Title:	Non-Executive Chairman
Agreement commenced:	12 October 2020
Term of agreement:	$76,650 per annum plus superannuation

Name:	Francesco Cannavo
Title:	Non-Executive Director
Agreement commenced:	12 October 2020
Term of agreement:	$50,000 per annum plus superannuation

Name:	Matthew Golden
Title:	Chief Executive Officer
Agreement commenced:	12 October 2020
Term of agreement:	$180,000 per annum plus superannuation and bonuses. The performance targets upon which the bonuses are calculated had not been set at 31 December 2020.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2020.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Expiry date	Exercise price	Fair value per option at grant date
5 June 2019	22 June 2022	$0.2000	$0.016

Options granted carry no dividend or voting rights.

Additional information
The earnings of the consolidated entity for the five years to 31 December 2020 are summarised below:

	2020 $	2019 $	2018 $	2017 $	2016 $
Sales revenue	12,557	46,599	345,788	493,305	747
Loss after income tax **	(1,205,276)	(2,387,735)	(1,722,629)	(2,746,076)	(348,364)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2020	2019	2018	2017	2016
Share price at financial year end ($) *	0.077	0.030	0.060	0.140	-
Basic earnings per share (cents per share)	(1.215)	(3.080)	(2.220)	(3.660)	(1.350)

* The company was admitted to the ASX on 10 January 2017.
** The consolidated entity applied AAS16 leases for the first time in the 2019 year. The impact of its adoption was not material because the consolidated entity did not hold any leases at 1 January 2019.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Rodney Hannington	320,006	-	151,515	-	471,521
	320,006	-	151,515	-	471,521

Option holding
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Francesco Cannavo	500,000	-	-	-	500,000
Rodney Hannington	1,000,000	-	-	-	1,000,000
Greg Plunkett *	500,000	-	-	(500,000)	-
	2,000,000	-	-	(500,000)	1,500,000

* Resigned during the year

	Vested and exercisable	Balance at the end of the year
Options over ordinary shares		
Rodney Hannington	1,000,000	1,000,000
Francesco Cannavo	500,000	500,000
	1,500,000	1,500,000

Other transactions with key management personnel and their related parties
There have been no other transactions involving equity instruments apart from those disclosed in the above tables. There have been no other options granted to key management personnel over unissued shares during or since the end of the reporting period. There have also been no loans made to key management personnel during or since the end of the reporting period.

There have been no loans made to directors and executives during the current financial year. Andreas Empl was appointed as a director on 10 January 2020. At the time of his appointment the company was owed a balance of $119,559 by Lifespot AG, an entity related to him. During his time as a directors his fees were offset against this loan balance bringing the balance down to $103,559 at the time of his resignation.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Lifespot Health Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
5 June 2019	5 June 2022	$0.2000	2,000,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate. No options have been granted over unissued shares during or since the end of the reporting period.

Shares issued on the exercise of options
There were no ordinary shares of Lifespot Health Ltd issued on the exercise of options during the year ended 31 December 2020 and up to the date of this report.

Indemnity and insurance of officers
The consolidated entity has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of HLB Mann Judd
There are no officers of the company who are former partners of HLB Mann Judd.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

Lifespot Health Ltd
Directors' report
31 December 2020

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Rodney Hannington
Director

31 March 2021

Auditor's Independence Declaration

As lead auditor for the audit of the consolidated financial report of Lifespot Health Limited for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to the Lifespot Health Limited and the entities it controlled during the period.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Jude Lau
Partner

Melbourne
31 March 2021

General information

The financial statements cover Lifespot Health Ltd as a consolidated entity consisting of Lifespot Health Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Lifespot Health Ltd's functional and presentation currency.

Lifespot Health Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 103, Level 1
2 Queen Street, Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 March 2021. The directors have the power to amend and reissue the financial statements.

Lifespot Health Ltd
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Revenue	5	22,127	132,975
Interest revenue		292	19,074
Expenses			
Cost of goods sold		(168,794)	-
Direct project costs		(177)	(171,636)
Directors' fees and costs		(159,695)	(233,444)
Travel expenses		(1,068)	(271,691)
Employee benefits expense		(71,225)	(389,866)
Entertainment expenses		(988)	(1,132)
Depreciation and amortisation expense	6	-	(61,147)
Rent and office costs		-	(17,554)
Consulting costs		(400,350)	(539,657)
Corporate expenses		(91,370)	(144,559)
Marketing expenses		(41,472)	(47,062)
Product development expenditure		(201,159)	(7,605)
Other expenses		(91,397)	(94,295)
Impairment of receivables	6	-	(54,201)
Impairment of non current assets	6	-	(505,935)
Loss before income tax expense		(1,205,276)	(2,387,735)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of Lifespot Health Ltd		(1,205,276)	(2,387,735)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(22,600)	12,935
Other comprehensive income for the year, net of tax		(22,600)	12,935
Total comprehensive loss for the year attributable to the owners of Lifespot Health Ltd		(1,227,876)	(2,374,800)
		Cents	**Cents**
Basic earnings per share	28	(1.215)	(3.078)
Diluted earnings per share	28	(1.215)	(3.078)

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

Lifespot Health Ltd
Statement of financial position
As at 31 December 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Assets			
Current assets			
Cash and cash equivalents	8	1,719,479	424,922
Trade and other receivables	9	74,400	95,373
Other	11	105,840	31,859
Total current assets		1,899,719	552,154
Non-current assets			
Receivables	12	-	71,559
Intangibles		4,302	-
Total non-current assets		4,302	71,559
Total assets		1,904,021	623,713
Liabilities			
Current liabilities			
Trade and other payables	13	404,340	263,800
Contract liabilities		84,938	19,829
Employee benefits		3,323	-
Other	14	87,500	-
Total current liabilities		580,101	283,629
Total liabilities		580,101	283,629
Net assets		1,323,920	340,084
Equity			
Issued capital	15	10,454,902	8,243,190
Reserves	16	(987,811)	(965,211)
Accumulated losses		(8,143,171)	(6,937,895)
Total equity		1,323,920	340,084

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

Lifespot Health Ltd
Statement of changes in equity
For the year ended 31 December 2020

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2019	8,243,190	(790,373)	(4,770,160)	2,682,657
Loss after income tax expense for the year	-	-	(2,387,735)	(2,387,735)
Other comprehensive income for the year, net of tax	-	12,935	-	12,935
Total comprehensive income for the year	-	12,935	(2,387,735)	(2,374,800)
Transfer	-	(220,000)	220,000	-
Transactions with owners in their capacity as owners:				
Share based payments (note 16)	-	32,227	-	32,227
Balance at 31 December 2019	8,243,190	(965,211)	(6,937,895)	340,084

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2020	8,243,190	(965,211)	(6,937,895)	340,084
Loss after income tax expense for the year	-	-	(1,205,276)	(1,205,276)
Other comprehensive loss for the year, net of tax	-	(22,600)	-	(22,600)
Total comprehensive loss for the year	-	(22,600)	(1,205,276)	(1,227,876)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 15)	2,211,712	-	-	2,211,712
Balance at 31 December 2020	10,454,902	(987,811)	(8,143,171)	1,323,920

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

Lifespot Health Ltd
Statement of cash flows
For the year ended 31 December 2020

	Note	Consolidated 2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		77,666	93,233
Payments to suppliers and employees		(1,136,944)	(2,073,942)
		(1,059,278)	(1,980,709)
Interest received		292	28,149
Other revenue		9,750	86,376
Net cash (used in) operating activities	27	(1,049,236)	(1,866,184)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(36,342)
Payments for intangibles		(4,302)	-
Net cash (used in) investing activities		(4,302)	(36,342)
Cash flows from financing activities			
Proceeds from issue of shares	15	2,407,228	-
Interest and other finance costs paid		(36,533)	-
Net cash from financing activities		2,370,695	-
Net increase/(decrease) in cash and cash equivalents		1,317,157	(1,902,526)
Cash and cash equivalents at the beginning of the financial year		424,922	2,314,513
Effects of exchange rate changes on cash and cash equivalents		(22,600)	12,935
Cash and cash equivalents at the end of the financial year	8	1,719,479	424,922

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The consolidated entity has adopted the revised Conceptual Framework from 1 January 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

Going concern
The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated entity incurred a loss from ordinary activities of $1,205,276 for the year ended 31 December 2020 (2019 : $2,387,735). In addition, the consolidated entity had negative cash from operating activities of $1,049,236 (2019: $1,866,184).

The directors have reviewed the cashflow forecasts and believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern due to the following factors:

- Since 31 December 2020, the company has issued 33,693,464 fully paid ordinary shares raising $2,358,542, before costs;
- During the current year the company has decided to focus its energies on the commercial development of its inhaler assets, and has already successfully raised capital to finance early development. The board intend to raise further capital to fund further trials upon successful completion of phase one of its development plan; and
- In the event that phase one trials are not successful the consolidated entity has sufficient funds to pays its debts as and when they fall due and also perform further development of the consolidated entity's intellectual property to increase probability of a successful outcome.

Accordingly, the directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. In the event that the consolidated entity is unsuccessful in implementing the above-stated initiatives, a material uncertainty exists, that may cast significant doubt on the consolidated entity's ability to continue as a going concern and its ability to recover assets and discharge liabilities in normal course of business and at the amounts shown in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

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

Note 1. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lifespot Health Ltd ('company' or 'parent entity') as at 31 December 2020 and the results of all subsidiaries for the year then ended. Lifespot Health Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Board of Directors being the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Lifespot Health Ltd's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars 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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. The exchange difference from the translation of any net investment in foreign entities and of borrowings and other financial instruments so designated as hedges of such investments, is recognised in other comprehensive income.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 1. Significant accounting policies (continued)

Revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Product development services
Product development services revenue is recognised upon delivery of the service to the customer, based on chargeable hours at agreed rates.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 1. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised 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 tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments 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.

Trade and other receivables
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Intangible assets
Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less accumulated amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and not amortised as they are not said to have a finite life.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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

Note 1. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Lifespot Health Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Note 1. Significant accounting policies (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2020. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

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

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Note 3. Impact of COVID 19 pandemic

During the current financial year the COVID 19 pandemic had a significant impact on the global economy.

The consolidated entity has not been entitled to any of the government financial stimulus measures. The consolidated entity's operations are of a scale that they have been able to be easily amended to adapt to various restrictions that have been imposed with minimal impact.

The statement of financial position at 31 December 2020 does not include material physical and intangible non-current assets that are required to be reviewed for impairment. For this reason the pandemic has not had an impact on the judgements and estimates that have been made in preparing these financial statements.

In March 2020, the company announced that it had extended its Bodytel platform to incorporate Bluetooth thermometers to support self and organisational fever monitoring. The board formed the view that there was an unmet demand for fever tracking as a result of the COVID 19 pandemic. During the financial year the consolidated entity spent $201,159 on product development. On 24 June 2020, the Therapeutic Goods Administration listed the Fevertel dual mode (ear and forehead) infrared thermometer as a Class II medical device on the Australian Register of Therapeutic Goods. Total revenue of $12,557 has been recognised in relation to thermometer sales.

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into one operating segments: being development of various medical technologies. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Note 5. Revenue

	Consolidated 2020 $	2019 $
Sales revenue		
Sales of services	-	46,599
Sales of goods	12,557	-
	12,557	46,599
Other revenue		
Other revenue	9,570	86,376
Revenue	22,127	132,975

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

	Consolidated 2020 $	2019 $
Major revenue streams		
Product development services	-	46,599
Thermometers	12,557	-
	12,557	46,599
Geographical regions		
Australia	12,557	-
Germany	-	46,599
	12,557	46,599
Timing of revenue recognition		
Goods transferred at a point in time	12,557	-
Services transferred over time	-	46,599
	12,557	46,599

Note 6. Expenses

	Consolidated 2020 $	Consolidated 2019 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	-	(32,373)
Amortisation		
Intellectual property	-	(28,774)
Total depreciation and amortisation	-	(61,147)
Impairment		
Plant and equipment	-	(100,074)
Intangibles	-	(405,861)
Other receivables	-	(54,201)
Total impairment	-	(560,136)

Note 7. Income tax expense

	Consolidated 2020 $	Consolidated 2019 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,205,276)	(2,387,735)
Tax at the statutory tax rate of 30%	(361,583)	(716,321)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non deductible costs	14,161	138,785
Differences in tax rates	1,404	10,763
Less deductible and non assessable items	(60,355)	(56,900)
Tax losses not bought to account	406,373	623,673
Income tax expense	-	-

	Consolidated 2020 $	Consolidated 2019 $
Australian tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	4,858,010	3,644,151
Potential tax benefit @ 30%	1,457,403	1,093,245

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

The board have decided to wind up all of the company's German subsidiaries with the processing still ongoing. For this reason the consolidated entity will not benefit from any of the tax losses incurred by these three companies.

Note 8. Current assets - cash and cash equivalents

	Consolidated 2020 $	Consolidated 2019 $
Cash at bank	1,719,479	424,922

Note 9. Current assets - trade and other receivables

	Consolidated 2020 $	Consolidated 2019 $
Other receivables	140,016	148,363
Less: Allowance for expected credit losses	(83,760)	(54,201)
	56,256	94,162
GST receivable	18,144	1,211
	74,400	95,373

Refer to note 18 for information about the impairment of trade receivables.

Allowance for expected credit losses
Movements in the allowance for expected credit losses are as follows:

	Consolidated 2020 $	Consolidated 2019 $
Opening balance	54,201	-
Additional provisions recognised	29,559	54,201
Closing balance	83,760	54,201

Note 10. Current assets - inventories

	Consolidated 2020 $	Consolidated 2019 $
Stock on hand - at cost	89,740	-
Less: Provision for impairment	(89,740)	-
	-	-

Note 11. Current assets - other

	Consolidated 2020 $	Consolidated 2019 $
Prepayments	103,436	22,250
Other current assets	2,404	9,609
	105,840	31,859

Note 12. Non-current assets - receivables

	Consolidated 2020 $	Consolidated 2019 $
Other receivables	-	71,559

Note 13. Current liabilities - trade and other payables

	Consolidated 2020 $	Consolidated 2019 $
Trade payables *	124,740	47,941
Other payables *	279,600	215,859
	404,340	263,800

Refer to note 18 for further information on financial instruments.

* all trade and other payables are unsecured

Note 14. Current liabilities - other

	Consolidated 2020 $	Consolidated 2019 $
Funds received ahead of the issue of shares	87,500	-

The shares in relation to these funds were issued on 5 January 2021. Refer to note 26.

Note 15. Equity - issued capital

	Consolidated 2020 Shares	2019 Shares	2020 $	2019 $
Ordinary shares - fully paid	134,773,493	77,568,678	10,454,902	8,243,190

Note 15. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 January 2019	77,568,678		8,243,190
Balance	31 December 2019	77,568,678		8,243,190
Issue of shares	2 March 2020	10,128,635	$0.0330	334,244
Issue of shares	23 June 2020	9,090,990	$0.0330	300,002
Issue of shares	24 July 2020	151,515	$0.0330	5,000
Shares issued to settle trade payables	24 July 2020	733,675	$0.0400	29,347
Issue of shares	25 September 2020	24,000,000	$0.0400	960,000
Issue of shares	13 November 2020	13,100,000	$0.0550	720,500
Less cost of capital raised		-	$0.0000	(137,381)
Balance	31 December 2020	134,773,493		10,454,902

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 31 December 2019 Annual Report.

Note 16. Equity - reserves

	Consolidated	
	2020 $	2019 $
Foreign currency reserve	(112,160)	(89,560)
Share-based payments reserve	32,227	32,227
Other reserves	(576,768)	(576,768)
Non-controlling interest derecognised	(331,110)	(331,110)
	(987,811)	(965,211)

Note 16. Equity - reserves (continued)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Other reserves
This reserve is used to account for commonly controlled acquisitions, and the reserve represents the excess of the purchase price over the identifiable fair value of net assets acquired from German subsidiaries.

Non-controlling interest derecognised
This reserve is used to recognise the non-controlling interest at the time of gaining a 100% ownership interest in a subsidiary.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	NCI derecognised $	Foreign currency $	Share-based payments $	Other $	Total $
Balance at 1 January 2019	(331,110)	(102,495)	220,000	(576,768)	(790,373)
Foreign currency translation	-	12,935	-	-	12,935
Transfer to accumulated losses	-	-	(220,000)	-	(220,000)
Share based payments	-	-	32,227	-	32,227
Balance at 31 December 2019	(331,110)	(89,560)	32,227	(576,768)	(965,211)
Foreign currency translation	-	(22,600)	-	-	(22,600)
Balance at 31 December 2020	(331,110)	(112,160)	32,227	(576,768)	(987,811)

Note 17. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 18. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Risk management is carried out by the board. These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

The consolidated entity's financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables, all of which are recognised at amortised cost.

Note 18. Financial instruments (continued)

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The consolidated entity does not hedge.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity is exposed to foreign currency risk in relation to the operations of its German subsidiaries, however based on the balances in the below table the consolidated entity's exposure is material.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	**2020 $**	**2019 $**	**2020 $**	**2019 $**
Euros	46,822	67,981	111,700	184,878

	AUD strengthened			AUD weakened		
Consolidated - 2020	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Euro	10%	-	(6,488)	10%	-	6,488

	AUD strengthened			AUD weakened		
Consolidated - 2019	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Euro	10%	-	(11,690)	10%	-	11,690

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity is exposed to interest rate risk in relation to its cash holdings, but has no interest bearing liabilities.

	Basis points increase			Basis points decrease		
Consolidated - 2020	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Cash at bank	100	17,195	17,195	100	(17,195)	(17,195)

	Basis points increase			Basis points decrease		
Consolidated - 2019	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Cash at bank	100	4,250	4,250	100	(4,250)	(4,250)

The applicable weighted average effective interest rate was 0.04% (2019 : 1.39%)

Note 18. Financial instruments (continued)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a small number of reliable customers and has not experienced any issues with collectability of trade receivables. All cash balances are held with reputable financial institutions.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year. An impairment of $29,559 (2019: $54,201) was recognised in relation to other receivables.

The consolidated entity's exposure to credit risk for receivables at the end of each reporting period per region is summarised below:-

	Consolidated	
	2020	**2019**
	$	**$**
Australia	42,000	119,559
Germany	14,256	46,162
	56,256	165,721

Liquidity risk
Liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents).

The consolidated entity manages liquidity risk by maintaining adequate cash reserves continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. Refer to note 1 going concern for details of how the board is managing the consolidated entity's liquidity risk.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2020	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	404,340	-	-	-	404,340
Total non-derivatives		404,340	-	-	-	404,340

Note 18. Financial instruments (continued)

Consolidated - 2019	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	263,800	-	-	-	263,800
Total non-derivatives		263,800	-	-	-	263,800

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
None of the consolidated entity's financial instrument have been restated at fair value after initial recognition.

Note 19. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2020 **$**	**2019** **$**
Short-term employee benefits	222,821	246,568
Post-employment benefits	3,837	-
Share-based payments	-	32,227
	226,658	278,795

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by HLB Mann Judd, the auditor of the company, and its network firms:

	Consolidated	
	2020 **$**	**2019** **$**
Audit services - HLB Mann Judd		
Audit or review of the financial statements	54,000	46,330
Audit services - HLB network firms		
Audit or review of the financial statements	15,845	28,414

Note 21. Contingent asset and liabilities

The consolidated entity had no contingent assets and liabilities at the end of the current or prior financial year.

Note 22. Commitments

The consolidated entity had no commitments at the end of the current or prior financial year.

Note 23. Related party transactions

Parent entity
Lifespot Health Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

Key management personnel
Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2020	**2019**
	$	**$**
Payment for goods and services:		
Payment for consulting services to Lifespot Capital AG	-	9,000

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2020	**2019**
	$	**$**
Current payables:		
Fees payable to directors	11,145	-

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2020	**2019**
	$	**$**
Current receivables:		
Loan to Lifespot Capital AG *	-	48,000
Non-current receivables:		
Loan to Lifespot Capital AG *	-	71,559

* The loan is interest free. Lifespot Capital AG is an entity related to Andreas Empl who resigned as a director during the year.

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2020 $	Parent 2019 $
Loss after income tax	(2,416,280)	(1,923,651)
Total comprehensive loss	(2,416,280)	(1,923,651)

Statement of financial position

	Parent 2020 $	Parent 2019 $
Total current assets	1,852,890	484,147
Total assets	1,857,192	1,691,125
Total current liabilities	468,401	97,764
Total liabilities	468,401	97,764
Equity		
Issued capital	10,454,901	8,243,190
Share-based payments reserve	32,227	32,227
Accumulated losses	(9,098,337)	(6,682,056)
Total equity	1,388,791	1,593,361

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity has provided no guarantees in relation to the debts of its subsidiaries during the year. It did provide letters of financial support in relation to its Germany subsidiaries in the prior year.

Contingent liabilities
The parent entity had no contingent liabilities as at the end of the current and prior financial year.

Contractual commitments
The parent entity had no commitments as at the end of the current and prior financial year.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Note 25. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Body Tel GmbH *	Germany	100.00%	100.00%
Lifespot AG *	Germany	100.00%	100.00%
Seng-Vital Pty Ltd	Australia	100.00%	100.00%
Seng-Vital GmbH *	Germany	100.00%	100.00%
Seng-Vital Asia Ltd.	Hong Kong	100.00%	100.00%

*   These companies did not trade during the year and are in the process of being wound up.

Significant restrictions
There are no significant restrictions over the consolidated entity's ability to access or use assets, and settle liabilities of the consolidated entity.

Note 26. Events after the reporting period

On 5 January 2021, the company issued 22,363,891 fully paid ordinary shares valued at $0.07 per share, raising $1,565,472 before costs. Of this amount $87,500 was received before 31 December 2020 and recognised as a current liability.

On 19 January 2021, the company issued 11,329,573 fully paid ordinary shares valued at $0.07 per share, raising $793,070 before costs.

Since 31 December 2020, the consolidated entity has instructed a German lawyer to initiate formal legal proceedings in relation to collection of an other receivable balance of $71,559.

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the consolidated entity by the reporting date. As responses by government continue to evolve; management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the consolidated entity, its operations, its future results and financial position. Subsequent to year end, the state of emergency in Victoria was extended until 9 April 2021. Refer to Note 3 to the financial statements for further information regarding the impact of COVID-19 on the consolidated entity's operations.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 27. Reconciliation of loss after income tax to net cash (used in) operating activities

	Consolidated 2020 $	Consolidated 2019 $
Loss after income tax expense for the year	(1,205,276)	(2,387,735)
Adjustments for:		
Depreciation and amortisation	-	61,147
Share-based payments	-	32,227
Impairment of non-current assets	-	505,935
Shares issued to settle trade payables	29,347	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	92,532	58,751
Increase in other operating assets	(73,981)	(11,809)
Increase/(decrease) in trade and other payables	39,710	(144,529)
Increase in contract liabilities	65,109	19,829
Increase in employee benefits	3,323	-
Net cash (used in) operating activities	(1,049,236)	(1,866,184)

Note 28. Earnings per share

	Consolidated 2020 $	Consolidated 2019 $
Loss after income tax attributable to the owners of Lifespot Health Ltd	(1,205,276)	(2,387,735)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	99,191,395	77,586,678
Weighted average number of ordinary shares used in calculating diluted earnings per share	99,191,395	77,586,678
	Cents	**Cents**
Basic earnings per share	(1.215)	(3.078)
Diluted earnings per share	(1.215)	(3.078)

Note 29. Share-based payments

During the prior year 2,000,000 options were issued to directors as part of their remuneration under the company's employee share option plan. An overall share based payment expense of $32,227 was recognised.

Note 29. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

	Number of options 2020	Weighted average exercise price 2020	Number of options 2019	Weighted average exercise price 2019
Outstanding at the beginning of the financial year	2,000,000	$0.2000	7,550,000	$0.3000
Granted	-	$0.0000	2,000,000	$0.2000
Expired	-	$0.0000	(7,550,000)	$0.3000
Outstanding at the end of the financial year	2,000,000	$0.2000	2,000,000	$0.2000
Exercisable at the end of the financial year	2,000,000	$0.2000	2,000,000	$0.2000

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2020 Number	2019 Number
05/06/2019	05/06/2022	2,000,000	2,000,000
		2,000,000	2,000,000

For the options granted during the prior year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
05/06/2019	05/06/2022	$0.7100	$0.2000	73.19%	-	1.08%	$0.016

The weighted average remaining life of options was 1.43 years (2019: 2.43 years).

Lifespot Health Ltd
Directors' declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, based on the factors outlined in note 1 going concern to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Rodney Hannington
Director

31 March 2021

Independent Auditor's Report to the Members of Lifespot Health Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Lifespot Health Limited ("the Company") and its controlled entities ("the Group"), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration for Group.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 Going Concern in the financial report, which indicates that the Group incurred a net loss of $1,205,276 during the year ended 31 December 2020 (2019: $2,387,735) and, as of that date, had negative cash from operating activities of $1,049,236 (2019: $1,866,184). As stated in Note 1 Going Concern, these events or conditions, along with other matters as set forth in Note 1 Going Concern, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We did not identify any additional key audit matters other than the matter described in the *Material Uncertainty Regarding Going Concern* section above

Information Other than the Financial Report and Auditor’s Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 31 December 2020, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 11 of the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Lifespot Health Limited for the year ended 31 December 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Jude Lau
Partner

Melbourne
31 March 2021

Lifespot Health Ltd
Shareholder information
31 December 2020

The shareholder information set out below was applicable as at 3 March 2021.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	23	-
1,001 to 5,000	119	0.27
5,001 to 10,000	157	0.78
10,001 to 100,000	297	6.44
100,001 and over	120	92.51
	716	100.00
Holding less than a marketable parcel	79	0.10

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
CANNVALATE PTY LTD	30,211,050	17.93
M I D WEALTH PTY LTD	16,375,000	9.72
ELA CAPITAL INC	11,329,573	6.73
PYXIS HOLDINGS PTY LTD (THE MAPLETREE A/C)	10,512,500	6.24
10 BOLIVIANOS PTY LTD	10,357,755	6.15
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,574,417	3.90
ORCA CAPITAL GMBH	6,250,000	3.71
BNP PARIBAS NOMS PTY LTD (DRP)	4,472,846	2.66
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP)	3,920,394	2.33
ANCAN INVESTMENTS PTY LTD (A & A CANNAVO SHARE A/C)	3,687,500	2.19
BLISS ON BANKSIA HAIRDRESSING PTY LTD (THE STEFANEST EGG SFUND A/C)	2,662,118	1.58
MR NIV DAGAN	2,342,012	1.39
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,203,190	1.31
DR DAVID JAMES WALLAND	2,122,137	1.26
MR PIPER BELESPRIT MADISON	2,000,038	1.19
J & W CROCK SUPER PTY LTD (J & W CROCK SUPER FUND A/C)	1,526,542	0.91
MR PETER STEINMETZ	1,500,000	0.89
NEVERTITY HOLDINGS PTY LTD (J ISAC FAMILY A/C)	1,387,476	0.82
MR SHAWN YAPP	1,350,000	0.80
SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED (THE SACCO FAMILY A/C)	1,150,000	0.68
	121,934,548	72.39

Unquoted equity securities
A total of 2,000,000 options are on issue to 3 former and current directors and employees.

Lifespot Health Ltd
Shareholder information
31 December 2020

Substantial holders
The number of shares held by substantial shareholders and their associates, as disclosed in substantial holder notices are set out below:

	Ordinary shares	
	Number held	% of total shares issued
CANNVALATE PTY LTD	30,189,622	17.92
ELA CAPITAL INC	14,515,743	8.62
M I D WEALTH PTY LTD	13,100,000	7.78
PYXIS HOLDINGS PTY LTD AND PYXIS EQUITIES PTY LTD	8,909,441	5.29
NIV DARGAN AND ASSOCIATED ENTITIES	9,618,198	5.71

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options
Option holders have no voting rights.