

ARTRYA™

Annual  
Report

2022

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[ARTRYA.COM](http://ARTRYA.COM)

# Coronary Artery Disease.

## We See You.

Nine million lives lost globally to coronary artery disease every year.

We see a world where communities are not plagued by a high rate of heart attack.

### Our Purpose

Save lives through faster and more accurate detection of coronary artery disease to create economic and social value.

### Our Values

Innovation  
Curiosity  
Excellence  
Integrity  
Delivery

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# Our purpose to save lives

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**At its heart, Artrya is a company with the very simple purpose of saving lives by using breakthrough Artificial Intelligence technology to fight heart disease, the world's biggest cause of death.**

Our patented suite of software products improves the detection of coronary artery disease, which affects 126 million people worldwide, causing nine million deaths annually.

Artrya has grown exponentially in the past three and a half years since being co-founded in Perth, Western Australia by John Barrington AM and John Konstantopoulos.

By using AI to change the way the world detects coronary artery disease we can have a significant impact on the treatment of the disease around the globe.

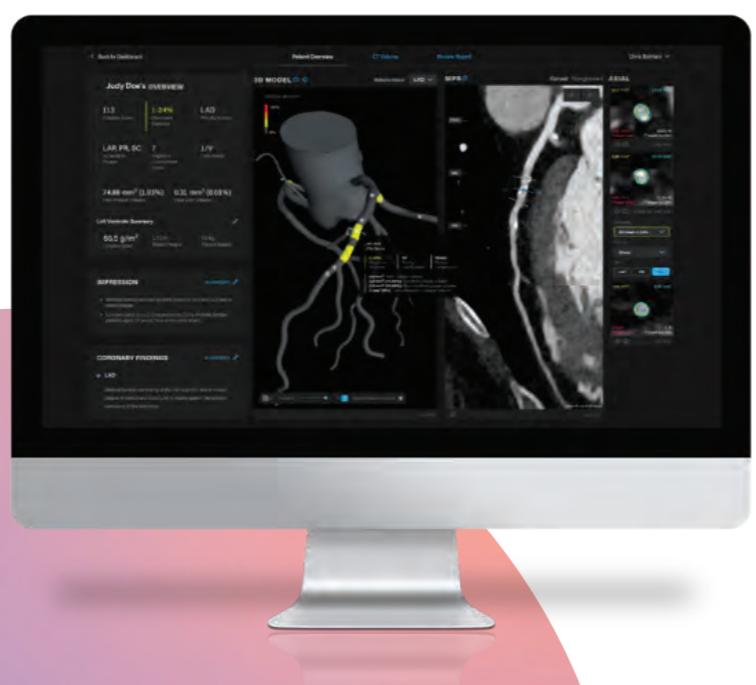
Artrya's Software as a Medical Device, Salix Coronary Anatomy AI technology, quickly analyses cardiac CT scans to assist clinicians in accurately determining the extent of atherosclerotic plaque.

While current medical practices to report coronary artery disease focus on calcification and narrowing of coronary arteries, Salix's breakthrough technology maps vulnerable plaque and other coronary biomarkers.

Vulnerable plaque is the silent killer, the reason so many people suffer heart attacks with no warning signs.

While it has the propensity to rupture and cause sudden heart attack, vulnerable plaque is very difficult and time-consuming to identify manually. As a result this leading cause of heart attack is rarely reported during the current clinical reading processes of CT scans.

The AI has been developed so that by examining pixels in the CT scans it can efficiently find vulnerable plaque. It can provide an automatically generated report within minutes, with much less human intervention. By reducing treatment costs per patient Salix will aid public health systems and health insurers.



**Our patented suite of software products improves the detection of coronary artery disease, which affects 126 million people worldwide, causing nine million deaths annually.**

By changing the process from extensive manual scan workups and reliance on expert readers to a fast, digital solution that maintains clinical accuracy, a paradigm shift in clinical practice can occur, quickly identifying those at risk. By providing in-depth patient data, clinicians can prescribe a personalised treatment plan. It is through this precision detection that Artrya can assist in reducing the number of heart attacks.

We will also partner with healthcare delivery systems to help implement new cardiac care models that can rule out, or in, coronary artery disease, at speed, for patients presenting with chest pain. This will be done in a way that is better for patients, healthcare professionals and health systems.

Our focus on the development and improvement of this AI technology has been unrelenting and our talented team will continue this as we also move rapidly to commercialise our products.

# Letter from the Chair



**My sincere thanks to our dedicated, talented and diverse team, which has remained focused, resilient and passionate as we tackle the world's biggest killer.**

our ground-breaking products that are poised to transform how coronary artery disease is diagnosed. FY2022 has been a pivotal year with the launch of our Australian product pilots enabling in-market validation with prominent radiologists and cardiologists right in our backyard.

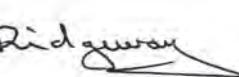
At the end of FY2022 Artrya had a cash balance of \$35.6 million. Revenue is forecast to begin in FY2023. While cost control is a continual focus of the management team and monitored closely by the Board, it has to be considered along with our goal of creating shareholder value.

As we continue to strengthen the foundation of our leadership and governance, in August, I was delighted to welcome Dr Jacqueline Sokolov to the Artrya Board, as Non-Executive Director. Dr Sokolov's wealth of knowledge in US healthcare will be critical in shaping our global market entry strategies. One of the Board's priorities is to ensure that we have capabilities and domain expertise to govern our global business effectively, while seeking diversity of thought and inclusion. We continue to seek further board members who will strengthen the breadth and depth of our experience.

My sincere thanks to our dedicated, talented and diverse team, which has remained focused, resilient and passionate as we tackle the world's biggest killer. I pay tribute to the tireless leadership of Managing Director John Barrington AM and other Board members, along with our esteemed Chief Technology Officer, Dr Julien Flack.

Once again, I thank our shareholders for their support and look forward to continuing our shared journey to lessen the burden of heart attack globally and create value for our shareholders.

**With thanks, Bernie**

B 

**Non-Executive Chair**

**Bernie Ridgeway**

On behalf of the Board of Artrya Limited (AYA) I am pleased to introduce the company's Annual Report to 30 June 2022. This is our first Annual Report since our successful listing on the Australian Securities Exchange (ASX) on 26 November 2021. The initial public offering was over-subscribed, raising \$40 million and giving Artrya a \$105.6 million implied market capitalisation. We continue to welcome many of you as new shareholders and thank all of our investors for your continuing interest and support. Our register currently exceeds 1360 including institutional, individual and employee investors.

Given the broader correction on capital markets and re-pricing of pre-revenue companies such as Artrya, and the FDA decision, Artrya's share price has suffered.

Nevertheless, we continue to focus on the fundamentals. The Board is confident in addressing the valuation gap and in the medium to long-term success of the Company.

Capital raised during the initial public offering is financing the expansion of our research, product development, marketing and regulatory activities. We have more than doubled our scientific and engineering headcount, enabling the fastest path to revenue for

# Letter from the Managing Director



## **It is an honour to provide you with Artrya's first Annual Report as an ASX listed company.**

Artrya has come a long way in the three and a half years since the company was born out of an idea that I and my co-founder John Konstantopoulos just had to pursue – to use Artificial Intelligence to help clinicians diagnose heart disease.

From the start our central purpose has been to save lives. It's embedded in Artrya's DNA.

As with many worthwhile pursuits, Artrya is the product of a lot of hard work. Reaching this point has seen a massive effort, extraordinary problem solving and bundles of creative thought, energy and ingenuity by a group of committed and very smart people.

Artrya is now recognised globally by experts in cardiac image analysis as a leader in coronary artery disease detection.

Company expenditure during the year was consistent with the IPO Prospectus proposed use of funds. The total comprehensive loss for the year was \$17.2m, one third of which comprised a non-cash share-based payment expense of \$5.6m.

**Artrya is the product of a lot of hard work. Reaching this point has seen a massive effort, extraordinary problem solving and bundles of creative thought, energy and ingenuity by a group of committed and very smart people.**

Despite economic uncertainty and further COVID-19 restrictions imposed by local governments, we are now operating across three continents, with key personnel established in Australia, USA and UK.

Our business development team has built a pipeline of more than 40 healthcare providers in Australia, who are interested in commencing a pilot-to-purchase program for Salix Coronary Anatomy, which is entered in the Australian Register of Therapeutic

Goods (ARTG, ID 347719). On the basis of the Australian approval, Salix received NZ Medsafe registration in July 2022. This will allow us to commercialise the product in New Zealand.

Artrya USA Inc. was established in 2022, led by Dr Jacque Sokolov, Chairman and President. Dr Sokolov also chairs Artrya's Clinical Advisory Board.

Our key focus in the USA is gaining Food and Drug Administration approval. Work on that approval is ongoing.

Given the leading nature of the powerful AI and machine learning capability of Salix, Artrya is working closely with regulators in all jurisdictions to obtain the necessary approvals.

Strengthening our product foundations, our team sought opportunities at home and abroad – to establish world-class ground truth data, to collaborate with leading clinical partners, to connect with the voice of our customers – and this Financial Year we have secured strong partnerships.

This included signing a retrospective cohort study agreement with Alabama-based Huntsville Heart Institute, gaining access to additional training data sets, developing a plan for a plaque analysis research study with a prominent National Health Service Trust Hospital in the United Kingdom and developing an Australian partnership to validate our second module to market, Salix Coronary Flow.

Artrya research was recognised at the world's leading scientific conference for cardiac CT, being the Society of Cardiovascular Computed Tomography held in Las Vegas in July. The research paper, titled 'Comprehensive assessment of coronary artery disease on CCTA using deep learning methods' won Best Abstract Award, attracting considerable interest.

In April, Artrya successfully relocated our global headquarters to fit-for-purpose premises in West Perth and we are excited to progress our journey as we move into FY2023.

## **During the year we are planning to:**

- Progress global regulatory clearances enabling commercial sale of Salix Coronary Anatomy.
- Generate our first commercial revenue.
- Conduct multiple research studies ensuring we generate relevant data to continue validating our platform with external stakeholders.
- Convert many of our prospects to pilot-to-purchase customers.
- Commence development of products scheduled on our roadmap that will strengthen the improved diagnosis of chest pain patients.

Financially we maintained close control of our costs while investing to grow our staff expertise, regulatory activities and further product development. FY2022 saw an average monthly net cash burn of \$1.3m and a closing cash position at 30 June of \$35.6m.

We are proud to see all the hard work of our incredibly talented team of problem-solvers coming together. We remain committed to patient outcomes, our clinician network, our investors, our commercial partners, and, our company values, to deliver meaningful transformation of cardiac care.

**With thanks, John**

**Managing Director**

**John Barrington AM**



# Board of Directors



## Bernie Ridgeway

**B.Bus (Accg), CAANZ, FAICD**  
**Non-Executive Chair**  
**Appointed 8 February 2021**

Bernie brings a wealth of corporate experience to Artrya, including 37 years in private and ASX listed companies, spending most of that time in the role of Managing Director.

Bernie was Managing Director of the ASX listed top 300 company Imdex Limited (Imdex) for 20 years, retiring in July 2020. During that time, Imdex's revenue grew from approximately \$20m per annum in Australia to more than of \$270m per annum, generated from sales from more than 100 countries. In that period, the market capitalisation of Imdex grew from below \$10m to more than \$600m, and now exceeds \$750m.

His vision is for Artrya to become the global standard in non-invasive AI and machine learning to diagnose and treat coronary artery disease.

Bernie holds a Bachelor of Business in Accounting, is a qualified Chartered Accountant, and is a fellow of the Australian Institute of Company Directors (FAICD).



## John Barrington AM

**MBA, B.Bus, FAICD, FAIM**  
**Managing Director and CEO**  
**Appointed 24 January 2018**

John Barrington AM brings 35 years of strategy, innovation, technology, and start-up experience to Artrya.

His vision is to be a global leader in delivering AI solutions to reduce the biggest cause of death in the world – heart disease.

With the knowledge and skills gained through founding a professional services firm, creating a big-data predictive analytics company, and chairing a platform technology company, John is helping make this vision a reality.

He previously had 12 years in the Information Technology industry and more than 20 years advising boards and executive teams on growth strategies. In addition to his industry experience, John has contributed to the community at large over a long period. He is currently Chair of the Harry Perkins Institute of Medical Research, Deputy Chair of the National Portrait Gallery, Chair of John Curtin Gallery, and Chair of the Curtin University School of Management & Marketing.

He was appointed a Member of the Order of Australia in January 2019 and received the Australian Institute of Company Directors NFP Award for Director Excellence in 2017.

John holds a Bachelor of Business from Curtin University and an MBA from the Australian Graduate School of Management, University of New South Wales. He is a Life Fellow of the Australian Institute of Management WA, and a Fellow of the Australian Institute of Company Directors.



## John Konstantopoulos

**B.Eng**  
**Executive Director**  
**Appointed 24 January 2018**

With the knowledge and skills he gained providing strategic advice to boards and senior executives globally on the impact of digital disruption and innovation, John is instrumental in Artrya's pursuit to help save lives faster.

As the company's Co-Founder and Executive Director, John leads the product planning of Artrya's ground-breaking, non-invasive technology that will transform heart disease diagnosis.

John was previously employed at IBM, where he advised executives from some of the world's largest corporations on product commercialisation, strategy, digital transformation and enabling growth in markets such as Asia, the US and Europe.

John currently serves on the Faculty Advisory Council for Engineering and Science at Curtin University. He holds an engineering degree from the University of Technology, Pretoria.



## Dr Jacque Sokolov

**BA, MD, NACD**  
**Non-Executive Director**  
**Appointed 1 August 2022**

Dr Jacque Sokolov joined the Artrya Board as a Non-Executive Director on 1 August 2022, bringing a second independent director to the Board. Dr Sokolov has a significant breadth of experience across all aspects of the US healthcare industry, in particular healthcare delivery, biotechnology and regulatory clearance.

Dr Sokolov received his BA and MD Degrees from the University of Southern California and completed his internal medicine residency at the Mayo Graduate School of Medicine followed by his fellowship in cardiovascular diseases/nuclear cardiology from the University of Texas-Southwestern Medical School.

He was appointed Artrya Clinical Advisory Board Chair in January 2022 and Chairman and President of Artrya USA Inc. in March 2022.

Dr Sokolov is Chairman and Chief Executive Officer of SSB Solutions, Inc., a US diversified healthcare management, development and financial services company. His company has worked with more than 100 healthcare organisations across multiple US healthcare sectors to develop physician-driven, value-focused solutions in rapidly evolving markets.

He currently serves on multiple public, private and not-for-profit healthcare boards. He is especially focused on leading technology involving advanced digital health and next generation genetic-based companies. Over the past 3 years, he has held board appointments in US listed companies Lucid Diagnostics (NASDAQ: LUCD) and, up until 2021, MedCath Corporation (NASDAQ: MDTH).

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# Our Clinical and Scientific Leadership

In early 2022, Artrya announced the formation of our Clinical Advisory Board chaired by Dr Jacque Sokolov. With nine leading cardiologists and radiologists with experts in both academic and clinical practice, their experience provides the backbone to support Artrya in changing the trajectory of heart attack patient outcomes.

## Clinical Advisory Board



### Dr Jacque Sokolov

Jacque J. Sokolov, MD, is Chairman and Chief Executive Officer of SSB, a diversified US based, healthcare management, development and investment company. Its 4 strategic businesses include SSB Solutions, SSB Investment Funds, SSB Financial Services and SSB Governmental Services.



### Dr Jack Lewin

John C. (Jack) Lewin, MD, is a Principal of American Health NY, an international health services management and consulting company focused on improving health care in the Middle East and globally. He was previously CEO of the American College of Cardiology, representing over 40,000 cardiologists.



### Prof. Girish Dwivedi, MD

As Artrya's Chief Scientific Officer, Prof. Dwivedi is a recognised leader in vulnerable plaque research. He is the inaugural Wesfarmers Chair in Cardiology at the University of Western Australia (Harry Perkins Institute of Medical Research) and Consultant Cardiologist at Fiona Stanley Hospital in Western Australia.



### Dr Jacob Agris

Dr Agris, Artrya's Chief Medical Officer, is a senior healthcare executive, thought leader and accomplished physician with computer engineering doctoral studies in analytics and machine learning.



### Professor Benjamin Chow, MD

Professor Chow is a Professor of Medicine (Cardiology and Nuclear Medicine) and Radiology at the University of Ottawa. He is Clinical Cardiologist and Clinician Investigator at the University of Ottawa Heart Institute.



### Dr Michael Ridner

Dr Michael Ridner, MD, is a Cardiologist and Director of Cardiac CT Imaging at The Heart Center, Huntsville Hospital in Arizona.



### Dr Nicholas Chronos

Dr Nicholas Chronos is an Interventional Cardiologist known for ground-breaking research in heart disease treatment. Dr Chronos specialises in general cardiology, coronary artery disease management and heart failure management.



### Dr Thomas Cheek

Dr Thomas Cheek is a board-certified internist and physician executive leader who has spent his career improving health outcomes and creating value for patients, delivery systems and insurance companies.



### Dr James C. Bonette

An international strategic advisor, Dr Bonette has worked in every area of US healthcare, including private practice, health maintenance, hospital chains and pharmaceuticals. He created and developed the first global group purchasing organisation between Ascension, Ramsay Health and Amazon in 2017.

## Clinical Research

Supported by this team, on 9 May 2022, Artrya announced that it had signed its first US clinical partnership with the Alabama-based Huntsville Heart Center, a national leader in CCTA that treats more than 80,000 cardiac patients per year. The Huntsville program is led by Dr Michael Ridner (Director of Cardiac CT) and we anticipate this transitioning from initial research/validation to identifying clinical business models (integration, CCTA scaling) to doctor adoption and a commercial contract. Huntsville currently conducts 3,500 – 3,800 CCTAs per annum and is expecting this volume to double within the next 12-18 months. Artrya expects the clinical trial to be completed during FY2023, paving the way for Salix SCA to be used commercially in the US thereafter (pending regulatory clearances).

In October 2022 Artrya announced its first UK clinical partnership with a London-based National Trust Hospital. This regional research will use retrospective data from UK patients to indicate Artrya's Salix performance against expert human readers. This local data will assist in fostering commercial agreement with UK hospitals in the public and private systems.

## Scientific Milestones

In July 2022 Artrya's paper titled 'Development and Evaluation of an Artificial Intelligence Coronary Artery Calcium Scoring Model from Cardiac Computed Tomography' was accepted by the European Radiology Journal, becoming our first published paper, in collaboration with the Harry Perkins Institute of Medical Research.

Artrya research was recognised at the world's leading scientific conference for cardiac CT, being the Society of Cardiovascular Computed Tomography held in Las Vegas, in July 2022. The research paper, titled 'Comprehensive assessment of coronary artery disease on CCTA using deep learning methods' won Best Abstract Award, attracting considerable interest. The research evaluated the feasibility and accuracy of a novel artificial intelligence algorithm developed by Artrya for rapidly identifying coronary artery blockages and coronary plaque that increase the risk of heart attack.

# Understanding the utility of vulnerable plaque in identifying patient at risk of heart attack: From concept to practice

For much of the past century, coronary artery disease has been the leading cause of death worldwide. The rupture of atherosclerotic plaques and subsequent clot formation are a significant cause of acute coronary syndromes otherwise known as heart attack. Accurate detection of these vulnerable plaques, therefore, has the potential to prevent global morbidity and mortality when coupled with effective preventive therapies.

Vulnerable plaque, so called because of their propensity to rupture, have distinct morphologies, such as lipid-rich necrotic cores, calcifications, and positive remodelling. Identification of these high-risk characteristics, however, has traditionally been possible only through invasive imaging modalities such as intravascular ultrasound (IVUS) and intravascular optical coherence tomography (OCT).

Non-invasive imaging techniques such as coronary computed tomography angiography (CCTA) have been evolving for the detection of high-risk plaques, and the ability of artificial intelligence (AI) to rapidly and accurately identify vulnerable plaque will lead to more robust diagnostic reliability.

The possibilities and applications of AI in the field of cardiac CT constitute an area of active research, one which has grown rapidly over the past 10 years. Advances in computing power, the availability of large databases with their equally large data sets for analysis and validation, and progress in the use of machine learning and deep learning in cardiac imaging research have contributed to the development of AI algorithms that can streamline workflows and allow for advanced, complex imaging techniques. These algorithms provide the potential for increased objectivity and enhanced pattern recognition, as well as detection of minute morphological distinctions that can aid in the identification of vulnerable plaque.

Once vulnerable plaque is identified, preventive therapies can be tailored to the patient individually, allowing for a higher level of precision in treatment and care. Treatment with proven lipid-lowering therapies along with the institution of heart-healthy lifestyle changes, can stabilise plaques and reduce the risk of future cardiovascular events.

Once vulnerable plaque is identified, preventive therapies can be tailored to the patient individually, allowing for a higher level of precision in treatment and care.

The promise of AI to transform CCTA in practice is the latest exciting development in this continually innovative field. In 2021, due to the weight of evidence supporting the use of CCTA for the evaluation of intermediate-high risk patients with stable chest pain, the American Heart Association/American College of Cardiology Guideline for the Evaluation and Diagnosis of Chest Pain gave CCTA a Class 1 recommendation for this indication.

Guidelines from the European Society of Cardiology on the management of acute coronary syndromes also note the high negative predictive value (NPV) of CCTA to rule out the presence of obstructive CAD in patients with acute chest pain who have low-to-intermediate pre-test probability.

Thus, from the detection of vulnerable plaque in the stable patient to the identification of obstructive CAD in acute coronary syndrome, CCTA has the capacity to guide prevention as well as intervention.

Once vulnerable plaque is identified, preventive therapies can be tailored to the patient individually, allowing for a higher level of precision in treatment and care.

CREDIT: Dr Yasmine S. Ali, MD, MSCI, FACC, FACP



# Consolidated Annual Financial Report

Only  
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for  
Artrya



## Directors' report

The Directors of Artrya Limited (the Company or Artrya) and its subsidiaries (the Group) present the Directors' report, together with the financial report on the consolidated entity (referred to hereafter as the Group) for the financial year ended 30 June 2022.

### 1 Directors

The Directors of the Company at any time during or since the end of the financial year are set out on pages 8–9.

### 2 Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board Meetings	
	Eligible to Attend	Attended
Mr J Barrington	15	15
Mr J Konstantopoulos	15	15
Mr B Ridgeway	15	15

### 3 Principal Activities

The principal activities of the Group during the financial year ended 30 June 2022 were the development of medical technology using artificial intelligence to more accurately identify patients at risk of coronary artery disease.

There have been no significant changes in the nature of these activities during the year.

### 4 Operating result and financial review

Artrya is a medical technology company focused on commercialising its patented Salix suite of cloud-based software products to improve detection and treatment of coronary artery disease (CAD). Salix uses artificial intelligence (AI) to automate the detection of coronary artery disease from coronary computed tomography angiography (CCTA) scans, helping clinicians identify and manage patients at risk of a heart attack.

#### Review of operations

On 26 November 2021 the Company was admitted to the official list of the Australian Securities Exchange (ASX) following the successful completion of an initial public offering (IPO) raising \$40 million from existing and new shareholders at an issue price of \$1.35.

Progress on Australian-based pilots continued during the year despite the impacts of Covid-19, informing the ongoing software development of the Salix Coronary Anatomy (SCA) product. The number of pilot sites increased to four with feedback in the areas of product workflow integration, usability and performance being incorporated into new software versions that were released into production. Accuracy and performance of the software was presented at the Society of Cardiovascular Computed Tomography conference in July 2022, winning the Abstract of the Conference award at this prestigious international forum.

Research and development of the Salix Coronary Flow (SCF) product continued with refinement and testing of algorithms.

In March 2022, the Company incorporated a 100% owned US subsidiary, Artrya USA Inc. An international clinical advisory board was also established.

In the same month, the Company successfully completed the Notified Body BSI audit for the company's UK Conformity Assessment and European CE Mark regulatory processes. This is a further step towards regulatory approval in these jurisdictions. In June 2022, the Company passed a second UKCA/CE Mark regulatory audit and a Technical File Review. The Company is progressing with the UK and EU regulatory applications.

## 4 Operating result and financial review (continued)

In June 2022, the US Food and Drug Administration (FDA) advised that the Company's initial 510(k) application was not approved, as the SCA product was determined to be not substantially equivalent to the selected predicate device. In providing feedback, the FDA invited resubmission. Based on the feedback provided, the Company is confident in addressing the issues raised in future submissions. An international regulatory advisory firm was commissioned to undertake an external review of the Company's regulatory processes. The firm has relevant FDA experience in medical device applications and in working with Artrya. This review has now been completed and the recommendations arising are being implemented.

During the June 2022 quarter, the Company commenced its first US clinical partnership with Heart Center Research, LLC, a division of Huntsville Heart Center. Heart Center Research is conducting a study to determine the accuracy of Artrya's technology. This multi-scanner retrospective study compares the performance of Artrya Salix Coronary Anatomy (SCA) against the interpretation of multiple human expert readers.

On 1 August 2022, the Dr Jacque Sokolov was appointed as a Non-Executive Director of the Company. His appointment brings substantial experience across all aspects of the US healthcare industry, in particular healthcare delivery, biotechnology and regulatory clearance to the Board.

### Financials

The Group posted a loss during the financial year ended 30 June 2022 of \$17,155,188 (2021: loss of \$4,079,767). The Group reported a cash balance of \$15.3 million (2021: \$13.0 million), with an additional \$20.3 million in term deposits (2021: \$nil). The net assets of the Group increased from \$13.9 million to \$40.6 million.

### Key risks

Significant risk factors to the Company's future financial performance were addressed in detail in the Company's Prospectus dated 15 October 2021. The likelihood and potential impact of these risks have not changed since that time. Key risks are summarised as follows.

#### (a) Competitive industry

The medical technology and diagnostic industries are highly competitive, and include companies with significant financial, technical, human, research and development, and marketing resources. Artrya faces a number of risks in this regard, including existing competitors increasing market share, new entrants to the market, failure to meet customer expectations, failure to respond to changes in legislation, technology or industry requirements, and entry of new competitive products. As a consequence of such risks, Artrya's current and future technologies and products may become obsolete or uncompetitive, resulting in adverse effects on revenue, margins and profitability.

#### (b) Clinical and product development

Artrya's product candidates are at a relatively early clinical stage and further clinical study using varied patient populations and larger sample sizes is necessary. No guarantee can be provided that the proposed clinical work will be successful or result in an approved product. There is no guarantee that pilot and study sites will be successful in presenting results that are acceptable to the market.

#### (c) Customer attraction and retention

The success of Artrya's business relies on its ability to attract new customers. Artrya primarily generates revenue through customers using its product by which customers typically "pay as you go" or pay a subscription fee. Artrya cannot guarantee that any future customers will not terminate their current service offering at the end of their initial contract term or any subsequent term. There is a risk that future customers may reduce or cease usage of Artrya's services or that they may not increase their usage, which would result in a reduction, or limited growth, in the revenue generated by Artrya.

#### (d) Future profitability

Artrya is still in the early sales and commercialisation stage for its Salix product. The Company is not yet profitable and has historically incurred losses. There is no guarantee that Artrya will be able to grow its product sales in any jurisdiction or will be successful in obtaining regulatory approvals target jurisdictions. Further, regulatory approval and clearance of Artrya's products is

not in itself a guarantee of market adoption of Artrya's products, the latter being crucial for revenue generation and profitability. If Artrya's products fail to penetrate the Australian and international markets, or if it fails to obtain the required regulatory approvals for its products, Artrya may never become profitable.

#### (e) Covid-19

COVID-19 has impacted how Artrya, its study and pilot sites and partners are operating their businesses, including as a result of local, state and federal government public health orders, travel restrictions and business shutdowns. If such trends continue or re-emerge because of a new wave of infections, they may negatively impact Artrya's business and its operating and financial performance. The duration and extent to which such restrictions may impact Artrya and its customers is uncertain, and may prove difficult to assess or predict, particularly over the medium to longer term.

#### (f) Pricing risk

To stay competitive, Artrya may need to adjust its pricing models, or invest significantly more in innovation and development in relation to Artrya's products. Increases in costs of third-party software used by Artrya and other costs of servicing Artrya's products may decrease the margin Artrya can earn under its pricing models if it is unable to pass on those increases to its customers as a result of competitive pressures or because their existing contracts prevent Artrya from doing so. Further, changes in customer behaviour, including, for example, changes in demand for different products, contract terms or changes in customer preferences in how the customers choose to interact with Artrya, may adversely impact on the margin Artrya is able to achieve from Artrya contracts. Any of these factors may lead to lower profitability.

#### (g) Failure to realise benefits from research and development

Developing software and technology is expensive and often involves an extended period to achieve a return on investment. An important aspect of Artrya's business is to continue to invest in innovation and related product development opportunities. Artrya believes that it must continue to dedicate resources to innovation efforts to develop Artrya's software and technology product offering to maintain its competitive position. Artrya may not, however, receive benefits from this investment for several years or may not receive benefits at all.

#### (h) Unforeseen expenditure

Expenditure may need to be incurred that has not been foreseen by Artrya. Although Artrya is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of Artrya and its proposed business plans.

#### (i) Litigation, disputes, and claims

Artrya may be subject to litigation and other disputes and claims in the ordinary course of its business, including employment disputes, contractual disputes, indemnity claims, occupational health and safety claims, or criminal or civil proceedings in the course of its business. Such litigation, disputes, and claims, including the cost of settling claims or paying any fines, operational impacts and reputational damage could materially adversely affect Artrya's business, operating and financial performance.

#### (j) Ability to attract and retain key personnel

A critical component of Artrya's success is the ongoing retention of key personnel, specifically members of the management and product development teams. There is a risk that Artrya may not be able to attract and retain key personnel or be able to find effective replacements for those key personnel in a timely manner. The market for highly skilled technology staff is extremely competitive, and that creates additional risks if there is a prolonged period for an open vacancy and Artrya has not been successful in sourcing a suitable candidate. Since Artrya relies on the technological expertise of its employees to maintain and develop intellectual property, the loss of key personnel may lead to a loss of operational knowledge, technology capabilities, key partners, and customer relationships.

#### (k) Insurance

The Company will maintain insurance coverage that is substantially consistent with industry practice. However, there is no guarantee that such insurance or any future necessary coverage will be available to the Company at competitive premiums (if at all) or that, in the event of a claim, the level of insurance carried by the Company now or in the future will be adequate. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition, and results of the Company.

## 5 Significant changes in state of affairs

In the opinion of the Directors, other than as stated in the operating and financial review, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

## 6 Environmental regulations

The Group is not subject to any significant environmental regulation under a law of the Commonwealth or of a state or territory of Australia.

## 7 Company secretary

Mr Nathan Bartrop was appointed as Company Secretary in April 2021. Nathan is a Chartered Secretary with ASX, unlisted and private company experience in Perth and Sydney. Nathan holds a Bachelor of Laws and Bachelor of Commerce from the University of Western Australia and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. Nathan is a fellow of Governance Institute and a member of the WA State Council. Nathan has been Company Secretary of several ASX listed companies and has prior experience as an ASX Listings Compliance Adviser in Perth and Sydney.

## 8 Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been proposed.

## 9 Events subsequent to reporting date

On 1 July 2022, the following were issued under the Company's Employee Incentive Award Plan:

- 308,642 performance rights  
The rights vest subject to meeting performance milestones and continued employment with the Company.

On the same date, 500,000 options were granted to a consultant in respect of clinical research services. The options are exercisable at \$1.50 and expire on 1 July 2027.

On 1 August 2022, the Company announced the appointment of Dr Jacque Sokolov to the Artrya Limited Board of Directors as a Non-Executive Director.

Other than the above, the Directors of the Company have considered that there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

## 10 Likely developments

The Group will continue researching and developing a technology product to more accurately identify patients at risk of coronary artery disease.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

## 11 Remuneration report - audited

The remuneration report details the key management personnel remuneration arrangements for the Company, 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; and
- Additional disclosures relating to key management personnel.

### Principles used to determine the nature and amount of remuneration

The objective of the Company'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; and
- transparency.

The Board is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Company depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Company. The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director remuneration is separate.

### Non-Executive Directors' remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually. The Board may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. Non-Executive Directors are entitled to receive shares, share options and performance rights under the Artrya Limited 2021 Incentive Awards Plan. Any awards under the plan are 100% at the discretion of the Board. Prior to this plan, options over shares were granted under the Artrya Limited 2019 Employee Options Plan. Upon the Company's admission to the ASX, options granted on 9 July 2021 vested. Further details can be found under the heading "Share-based compensation" below.

Commencing 1 January 2022, the Non-Executive Director and Chair, Mr Bernie Ridgeway, receives \$100,000 per annum (exclusive of statutory superannuation). Prior to 1 January 2022, Mr Bernie Ridgeway received \$50,000 per annum (exclusive of statutory superannuation).

Directors may also be reimbursed for expenses properly incurred by them in dealing with the Company's business or in carrying out their duties as a Director.

## 11 Remuneration report - audited (continued)

Under the Constitution, the Board decides the total amount paid to each Non-Executive Director as remuneration for their services as a Director. However, under the ASX Listing Rules, the total amount of fees paid to all Directors for their services (excluding, for these purposes, the salary of any Executive Director) must not exceed in aggregate in any financial year the amount fixed by the Company's shareholders in general meeting, which is currently \$500,000 per annum.

### Executive remuneration

The Company 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 four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprise the executive's total remuneration. Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual performance, the overall performance of the Company and comparable market remunerations. Executives may receive their fixed remuneration in the form of cash.

The short-term incentives ('STI') program is designed to align the targets of the Company with the performance hurdles of executives. STI payments are granted to executives based on specific targets and key performance indicators ('KPI's) being achieved. None of the executives received any short-term incentives during the 2022 financial year as no STIs were awarded. The long-term incentives ('LTI') include share-based payments. Further details can be found under the heading "Share-based compensation" below.

### Use of remuneration consultants

The Company commenced its engagement of a remuneration consultant in June 2021 to provide remuneration advice for the 2022 financial year. The Reward Practice was engaged and paid \$12,000 (2021: \$nil) by the Company to provide advice in relation to the remuneration of all the Directors. The Reward Practice also provided advice relating to the Company's Employee Incentive Awards Plan and was paid \$21,807 (2021: \$nil) for this service.

The engagement of The Reward Practice was based on engagement protocols followed by The Reward Practice. The protocols included agreeing the consultation requirements with management and the Board throughout their engagement and the extent to which management should be involved.

These arrangements were implemented to ensure that The Reward Practice would be able to carry out its work, including information capture and the formation of its recommendations, free from undue influence by members of the key management personnel about whom the recommendations may relate.

The Board is satisfied that the remuneration advice provided by The Reward Practice was free from undue influence by members of the key management personnel about whom the recommendations may relate.

The Board undertook its own inquiries and review of the work performed by The Reward Practice during the course of its assignment and is satisfied that the remuneration advice was provided free from undue influence.

These inquiries included arrangements under which The Reward Practice was required to provide the Board with a summary of its work and respond to questioning by members of the Board after the completion of the assignment.

### Shareholder wealth

The Group aims to align its executive remuneration to its strategic and business objective and the creation of shareholder wealth. The tables below show measures of the Group's financial performance over the last four years (being the extent of available historic audited

performance information) as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded. At this stage of the lifecycle of the Group, shareholder wealth is impacted by the status of R&D projects and whether approvals are obtained and hence milestones of completion have been used as key measures and metrics in LTI.

The indices of the Company for the four years to 30 June 2022 are summarised below.

	2022	2021	2020	2019	2018
Loss for the year (\$'000s)	(17,155)	(4,080)	(1,354)	(146)	(1)
Share price at financial year end (\$)*	0.65	-	-	-	-
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(25.92)	(11.85)	-	-	-

\* The Company's shares first traded on the ASX on 26 November 2021 after successful completion of its IPO at \$1.35 per share. Accordingly, no share price information has been provided prior to the 2022 financial year.

### Details of remuneration

#### Amounts of remuneration

Details of the remuneration of key management personnel of the Company are set out in the following tables. The key management personnel of the Company consisted of the following Directors of the Company:

- Bernie Ridgeway - Non-Executive Chairman
- John Barrington - Managing Director
- John Konstantopoulos - Executive Director

	Short-term benefits	Annual leave accrual	Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees		Superannuation	Long service leave	Equity-settled	
2022	\$	\$	\$	\$	\$	\$
B Ridgeway	75,000	-	7,500	-	416,925	499,425
J Barrington	453,000	60,731	22,000	5,598	555,900	1,097,229
J Konstantopoulos	447,500	60,517	27,500	5,509	555,900	1,096,926
	<b>975,500</b>	<b>121,248</b>	<b>57,000</b>	<b>11,107</b>	<b>1,528,725</b>	<b>2,693,580</b>

	Short-term benefits	Annual leave accrual	Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees		Superannuation	Long service leave	Equity-settled	
2022	\$	\$	\$	\$	\$	\$
B Ridgeway	19,543	-	1,954	-	365,000	386,497
J Barrington	230,000	19,035	21,850	1,734	-	272,619
J Konstantopoulos	230,000	19,035	21,850	1,734	-	272,619
	<b>479,543</b>	<b>38,070</b>	<b>45,654</b>	<b>3,468</b>	<b>365,000</b>	<b>931,735</b>

## 11 Remuneration report - audited (continued)

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

	Fixed remuneration		At risk – STI		At risk - LTI	
	2022	2021	2022	2021	2022	2021
B Ridgeway	17%	6%	-%	-%	83%	94%
J Barrington	49%	100%	-%	-%	51%	0%
J Konstantopoulos	49%	100%	-%	-%	51%	0%

### 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:	Bernie Ridgeway
Title:	Non-Executive Director
Agreement effective:	8 February 2021
Term of agreement:	3 years from date of appointment with subsequent years subject to re-election by shareholders.
Fees:	A fee of \$50,000 which was increased, effective 1 January 2022, to \$100,000 per annum.
Notice period:	None.

Name:	John Barrington
Title:	Managing Director
Agreement effective:	1 July 2021*
Term of agreement:	Ongoing employment agreement.
Fees:	\$475,000 per annum and statutory superannuation.
Notice period:	12 months.

Name:	John Konstantopoulos
Title:	Executive Director
Agreement effective:	1 July 2021*
Term of agreement:	Ongoing employment agreement.
Fees:	\$475,000 per annum and statutory superannuation.
Notice period:	12 months.

\*Fees prior to 1 July 2021 were \$230,000 exclusive of superannuation.

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 30 June 2022.

#### Options

Options over shares in Artrya Limited are granted under the Artrya Limited 2021 Incentive Awards Plan (IAP21). Prior to this plan, options over shares were granted under the Artrya Limited 2019 Employee Options Plan (EOP19).

The IAP21 is designed to provide long term incentives for executives, Directors, officers, employees and consultants to deliver long term shareholder returns, and participation in the future growth of the Company. The Incentive Award Plan is subject entirely to the discretion of the Board. Under the Scheme participants are granted options, performance rights and/or shares which typically are subject to vesting conditions as determined at the discretion of the Board. The Scheme allows the Company to issue free options, performance rights and/or shares to an eligible person. The options are exercisable at a fixed price in accordance with the Plan. The performance rights convert automatically into shares subject to satisfaction of vesting conditions. The options and performance rights of any participant in the scheme generally lapse where the relevant person ceases to be an employee or Director of, or vendor services to the Company.

During the year, the Directors exercised their discretion under the EOP19 and decided to issue 5,500,000 options to KMP as part of their remuneration. 2,750,000 options vested and became exercisable when the Company listed on the ASX on 26 November 2021. The remaining 2,750,000 vest and become exercisable when international contracts to the value of US\$10m are achieved by 30 June 2023.

Details of the options granted in the 2022 financial year are below.

2022	Number of options	Grant date	Expiry date	Exercise price	Fair value per option at grant date	Date vested and exercisable
B Ridgeway	750,000	9 Jul 2021	9 Jul 2026	\$1.00	\$0.556	26 Nov 2021(i)
B Ridgeway	750,000	9 Jul 2021	9 Jul 2026	\$1.00	\$0.556	Not yet vested(ii)
J Barrington	1,000,000	9 Jul 2021	9 Jul 2026	\$1.00	\$0.556	26 Nov 2021(i)
J Barrington	1,000,000	9 Jul 2021	9 Jul 2026	\$1.00	\$0.556	Not yet vested(ii)
J Konstantopoulos	1,000,000	9 Jul 2021	9 Jul 2026	\$1.00	\$0.556	26 Nov 2021(i)
J Konstantopoulos	1,000,000	9 Jul 2021	9 Jul 2026	\$1.00	\$0.556	Not yet vested(ii)

(i) Exercisable at \$1 on listing of Artrya Ltd, which was achieved on 26 November 2021.

(ii) Exercisable at \$1 on the achievement of international contracts to the value of US\$10m by 30 June 2023.

Fair values at grant date are determined using option pricing models that take 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.

### Additional information

#### Option holdings of key management personnel

The number of options over ordinary shares in the Company held during the financial year by the key management personnel of the Company, including their personally related parties, is set out below:

## 11 Remuneration report - audited (continued)

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year	Vested and exercisable at the end of the year
2022						
B Ridgeway	500,000	1,500,000	-	-	2,000,000	1,250,000
J Barrington	3,000,000	2,000,000	-	-	5,000,000	1,000,000
J Konstantopoulos	3,000,000	2,000,000	-	-	5,000,000	1,000,000
2021						
B Ridgeway	-	500,000	-	-	500,000	500,000
J Barrington	3,000,000	-	-	-	3,000,000	-
J Konstantopoulos	3,000,000	-	-	-	3,000,000	-

Details of the vesting profiles and values of options impacting remuneration for this and future financial years held by each KMP of the Group are disclosed below:

	Number of options granted	Grant date	Expiry date	Exercise price	% vested in year	Date vested and exercisable	Number vested during the year	Value \$
B Ridgeway	750,000	9 Jul 2021	9 Jul 2026	\$1.00	100%	26 Nov 2021(i)	750,000	416,926
B Ridgeway	750,000	9 Jul 2021	9 Jul 2026	\$1.00	Nil	Not yet vested(ii)	-	-
J Barrington	2,000,000	25 Mar 2019	25 Mar 2024	\$0.001	Nil	Not yet vested(iii)	-	-
J Barrington	1,000,000	25 Mar 2019	25 Mar 2024	\$0.001	Nil	Not yet vested(iv)	-	-
J Barrington	1,000,000	9 Jul 2021	9 Jul 2026	\$1.00	100%	26 Nov 2021(i)	1,000,000	555,900
J Barrington	1,000,000	9 Jul 2021	9 Jul 2026	\$1.00	Nil	Not yet vested(ii)	-	-
J Konstantopoulos	2,000,000	25 Mar 2019	25 Mar 2024	\$0.001	Nil	Not yet vested(iii)	-	-
J Konstantopoulos	1,000,000	25 Mar 2019	25 Mar 2024	\$0.001	Nil	Not yet vested(iv)	-	-
J Konstantopoulos	1,000,000	9 Jul 2021	9 Jul 2026	\$1.00	100%	26 Nov 2021(i)	1,000,000	555,900
J Konstantopoulos	1,000,000	9 Jul 2021	9 Jul 2026	\$1.00	Nil	Not yet vested(ii)	-	-

(i) Exercisable at \$1 on listing of Artrya Ltd, which was achieved on 26 November 2021.

(ii) Exercisable at \$1 on the achievement of international contracts to the value of US\$10m by 30 June 2023.

(iii) Exercisable following the Company generating the first sales revenue of any amount from a contracted customer for use of the Software as a Service (SaaS) Salix Coronary Anatomy (SCA) product, as evidenced by the existence of a fully executed Customer Agreement and as recorded in audited financial statements of the Company, with such revenue being directly attributable to sales of the SCA product to customers.

(iv) Exercisable following the Company generating the first sales revenue of any amount from a contracted customer for use of the Software as a Service (SaaS) Salix Coronary Anatomy (SCA) product, as evidenced by the existence of a fully executed Customer Agreement and as recorded in audited financial statements of the Company, with such revenue being directly attributable to sales of the SCA product to customers outside of Australia.

2021	Number of options granted	Grant date	% vested in year	Date vested and exercisable	Number vested during the year	Granted in year \$
B Ridgeway	500,000	23 Apr 2021	100%	23 Apr 2021(i)	500,000	365,000

(i) Exercisable immediately.

### Options granted carry no dividend or voting rights

There were no options that were exercised, forfeited or lapsed during the year in relation to options held by key management personnel.

### Share holdings of key management personnel

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

2022	Balance at the start of the year	Purchased	Balance at the end of the year
B Ridgeway	1,113,637	1,645,144	2,758,781
J Barrington	7,340,910	252,185	7,593,095
J Konstantopoulos	7,000,000	-	7,000,000

### Additional disclosures relating to key management personnel

Loans to key management personnel and their related parties

Prior to the IPO, the Company repaid the Director Loan of \$23 to John Barrington. The loan was interest-free and repayable on demand.

### Other transactions with key management personnel and their related entities

There were no other transactions with key management personnel and their related entities during the year (2021: \$nil).

This concludes the remuneration report, which has been audited.

## 12 Directors' interests

The relevant interest of each Director in the shares, performance rights and options issued by the Company, as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

2022	Ordinary shares	Performance rights	Options
B Ridgeway	2,821,025	-	2,000,000
J Barrington	7,340,910	-	5,000,000
J Konstantopoulos	7,000,000	-	5,000,000

## 13 Share options and performance rights

### Options over unissued shares

As at the date of this report, options over ordinary shares in the Company are:

Expiry date	Exercise price	Number of options(i)
25/03/2024	\$0.001	6,000,000
10/01/2025	\$0.075	405,000
23/09/2025	\$0.056	1,300,000
27/11/2025	\$0.075	220,000
31/12/2025	\$0.075	1,226,752
23/04/2026	\$1.000	500,000
09/07/2026	\$1.000	5,500,000
13/01/2027	\$1.350	1,300,000
13/01/2027	\$3.000	1,300,000
13/01/2027	\$5.000	1,300,000
28/03/2027	\$1.350	650,000
28/03/2027	\$3.000	650,000
28/03/2027	\$5.000	650,000
01/07/2027	\$1.500	500,000

### Performance rights

As at the date of this report, the Company has on issue 1,207,834 performance rights(i).

(i) These options and performance rights do not entitle the holder to participate in any share issue of the Company or any other body corporate. The holders of options and performance rights are not entitled to any voting rights until the options or performance rights are converted into ordinary shares.

### Shares issued on exercise of options

On 18 November 2021, the Company issued 130,000 shares as a result of the exercise of options. The Company has not issued any other ordinary shares of the Company as a result of the exercise of options during or since the end of the financial year.

## 14 Indemnification and insurance of officers and auditors

### Indemnification

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

### Insurance premiums

During the financial year, the Company has paid premiums in respect of Directors' and officers' liability and legal expenses insurance for the year ended 30 June 2022. Such insurance contracts insure against certain liability (subject to specific exclusions), persons who are or have been Directors or executive officers of the Company.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liability and the legal expenses' insurance contracts because such disclosure is prohibited under terms of the contracts.

## 15 Non-audit services

During the year, KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are of the opinion that the services as disclosed above do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are set out below.

	2022 (\$)
<b>Services other than audit and review of financial statements</b>	
Taxation compliance services	33,658
Accounting advice*	30,843
Research and Development tax incentive	50,613
Tax advice	60,382
Other assurance services – grant acquittal audit	12,000
Other assurance services – other services	50,000
	<b>237,496</b>
<b>Audit and review of financial statements</b>	
<b>Total paid to KPMG</b>	<b>69,000</b>
	<b>306,496</b>

\*Prior to its listing on the ASX on November 2021, the Group received accounting support from KPMG. The arrangement ceased in September 2021.

## 16 Officers of the Company who are former partners of KPMG

There are no officers of the Company who are former partners of KPMG.

## 17 Auditor's independence declaration

The auditor's independence declaration is set out on pages 60 to 61 and forms part of the Directors' report for the financial year ended 30 June 2022.

## 18 Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar, unless otherwise stated.

This report is made with a resolution of the Directors:



John Barrington AM  
Managing Director and CEO  
Dated at Perth this 31st day of August 2022

# Consolidated statement of financial position

As at 30 June 2022

	Note	2022 (\$'000)	2021 (\$'000)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	15,285	12,982
Trade and other receivables	8	1,986	1,431
Other investments	9	20,274	-
Prepayments		325	-
<b>Total current assets</b>		<b>37,870</b>	<b>14,413</b>
<b>Non-current assets</b>			
Property, plant, and equipment	10	1,805	98
Intangible assets	11	3,675	517
Right-of-use assets	12	519	46
<b>Total non-current assets</b>		<b>5,999</b>	<b>661</b>
<b>Total assets</b>		<b>43,869</b>	<b>15,074</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	1,492	953
Lease liabilities	12	220	37
Employee benefits	14	351	167
<b>Total current liabilities</b>		<b>2,063</b>	<b>1,157</b>
<b>Non-current liabilities</b>			
Lease liabilities	12	1,148	10
Employee benefits	14	18	3
<b>Total non-current liabilities</b>		<b>1,166</b>	<b>13</b>
<b>Total liabilities</b>		<b>3,229</b>	<b>1,170</b>
<b>Net assets</b>		<b>40,640</b>	<b>13,904</b>
<b>Equity</b>			
Share capital	15	56,398	18,106
Share-based payments reserve	16	6,973	1,379
Foreign currency translation reserve	16	5	-
Accumulated losses		(22,736)	(5,581)
<b>Total equity</b>		<b>40,640</b>	<b>13,904</b>

The notes on pages 33 to 58 are an integral part of these consolidated financial statements.

# Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Note	2022 (\$'000)	2021 (\$'000)
Other income	4	197	210
Accounting and audit		(325)	(87)
Contractors and consultants		(2,655)	(1,236)
Depreciation and amortisation		(202)	(39)
Foreign exchange loss		(84)	(24)
Employee benefits	14	(3,377)	(850)
Website and software		(292)	(102)
Recruitment		(407)	(99)
Travel		(148)	(3)
Legal		(215)	(53)
Share-based payments expense	16, 20	(5,608)	(1,362)
Marketing and branding		(1,696)	(265)
Other expenses		(1,860)	(143)
<b>Loss before tax</b>		<b>(16,672)</b>	<b>(4,053)</b>
Finance income	5	73	-
Finance costs	5	(21)	(27)
<b>Net finance income</b>		<b>52</b>	<b>(27)</b>
<b>Income tax expense</b>	6	<b>(535)</b>	-
<b>Loss for the year attributable to the owners of Artrya Limited</b>		<b>(17,155)</b>	<b>(4,080)</b>
Other comprehensive income – foreign currency translation differences		5	-
<b>Total comprehensive loss for the year attributable to the owners of Artrya Limited</b>		<b>(17,150)</b>	<b>(4,080)</b>
<b>Earnings/(loss) per share (cents):</b>			
Basic loss per share (cents)	21	(25.92)	(11.85)
Diluted loss per share (cents)	21	(25.92)	(11.85)

The notes on pages 33 to 58 are an integral part of these consolidated financial statements.

# Consolidated statement of changes in equity

For the year ended 30 June 2022

In thousands of dollars	Note	Share capital (\$'000)	Share-based payments reserve (\$'000)	Foreign Currency Translation Reserve (\$'000)	Accumulated losses (\$'000)	Total (\$'000)
<b>Balance at 1 July 2021</b>		<b>18,106</b>	<b>1,379</b>	-	<b>(5,581)</b>	<b>13,904</b>
<b>Total comprehensive loss for the year</b>						
Loss for the year						
Other comprehensive income/(loss)		-	-	5	-	5
<b>Total comprehensive loss</b>		-	-	<b>5</b>	<b>(17,155)</b>	<b>(17,150)</b>
<b>Transactions with owners of the Company</b>						
Issue of share capital (net of share issue costs)	15	38,292	-	-	-	38,292
Equity settled share-based payments	16, 20	-	5,594	-	-	5,594
<b>Total transactions with owners of the Company</b>		<b>38,292</b>	<b>5,594</b>	-	-	<b>43,886</b>
<b>Balance at 30 June 2022</b>		<b>56,398</b>	<b>6,973</b>	<b>5</b>	<b>(22,736)</b>	<b>40,640</b>
In thousands of dollars	Note	Share capital (\$'000)	Share-based payments reserve (\$'000)	Accumulated losses (\$'000)	Total (\$'000)	
<b>Balance at 1 July 2020</b>		<b>3,977</b>	<b>17</b>	<b>(1,501)</b>	<b>2,493</b>	
<b>Total comprehensive loss for the year</b>						
Loss for the year		-	-	(4,080)	-	(4,080)
<b>Total comprehensive loss</b>		-	-	<b>(4,080)</b>	<b>(4,080)</b>	
<b>Transactions with owners of the Company</b>						
Issue of share capital (net of share issue costs)	15	14,129	-	-	-	14,129
Equity settled share-based payments	16, 20	-	1,362	-	-	1,362
<b>Total transactions with owners of the Company</b>		<b>14,129</b>	<b>1,362</b>	-	-	<b>15,491</b>
<b>Balance at 30 June 2021</b>		<b>18,106</b>	<b>1,379</b>	<b>(5,581)</b>	<b>13,904</b>	

The notes on pages 33 to 58 are an integral part of these consolidated financial statements.

# Consolidated statement of cash flows

For the year ended 30 June 2022

	Note	30 June 2022 (\$'000)	30 June 2021 (\$'000)
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(10,609)	(2,000)
Interest paid		(14)	-
Government grants		136	133
Research and development tax incentives		836	380
<b>Net cash (used in) / from operating activities</b>	<b>7</b>	<b>(9,651)</b>	<b>(1,487)</b>
<b>Cash flows from investing activities</b>			
Interest received		45	-
Proceeds from sale of property, plant and equipment		3	2
Acquisition of property, plant and equipment	10	(1,879)	(94)
Acquisition of intangible assets	11	(4,501)	(1,970)
Payments for other financial assets	9	(20,274)	-
Government grants received		20	205
<b>Net cash (used in) / from investing activities</b>		<b>(26,586)</b>	<b>(1,857)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of equity securities	15	40,010	15,000
Costs of fund raising	15	(2,253)	(871)
Repayment of lease liabilities	12	(107)	(31)
Receipt of lease incentives	12	885	-
<b>Net cash from / (used in) financing activities</b>		<b>38,535</b>	<b>14,098</b>
<b>Net increase / (decrease) in cash and equivalents</b>			
Cash and cash equivalents at 1 July		12,982	2,228
Effect of exchange rate fluctuations on cash held		5	-
<b>Cash and cash equivalents at 30 June</b>	<b>7</b>	<b>15,285</b>	<b>12,982</b>

The notes on pages 32 to 58 are an integral part of these consolidated financial statements.

# Notes to the consolidated financial statements

For the year ended 30 June 2022

## 1 Reporting entity

Artrya Limited ("the Company") is a Company domiciled in Australia. The address of the Group's registered office is 1257 Hay Street, West Perth 6005.

The Company is a for-profit entity incorporated on 24 January 2018. The company is primarily involved in the development of medical technology using artificial intelligence to more accurately identify patients at risk of coronary artery disease.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

## 2 Basis of preparation

### (a) Statement of compliance

These consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards adopted by the International Accounting Standards Board.

The consolidated financial statements were approved by the Board of Directors on 31 August 2022.

### (b) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars unless otherwise stated.

### (c) Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reportable amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

- Note 20 - Estimates relating to share-based payments
- Note 11 - Assessment of impairment for an in-development intangible asset

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

#### (a) Financial instruments

##### (i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### (ii) Classification and subsequent measurement

Subsequent measurement and gains and losses

#### Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Liabilities for trade and other payables are carried at amortised cost and represent liabilities for goods or services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of these goods and services.

#### (iii) Derecognition

#### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

#### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### (b) Share capital

##### (i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

#### (c) Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

##### (ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the component will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Items of property, plant and equipment are depreciated on a straight-line and/or diminishing basis in profit or loss over the estimated useful lives of each component.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

### 3 Significant accounting policies (continued)

#### (iii) Depreciation

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- Computer equipment      • 4 years (diminishing value)
- Office equipment      • 10 years (diminishing value)
- Office fit-out      • 5 years (straight-line)

Depreciation methods, useful lives and residual values are reviewed at each financial reporting date and adjusted if appropriate.

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

#### (d) Intangible assets

##### Research and development:

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, once the development asset is ready for use it is measured at cost less accumulated amortisation and any accumulated impairment losses.

##### Subsequent expenditure:

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

##### Amortisation:

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

#### (e) Government grants

Government grants are recognised when there is a reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to assets are presented by deducting the grant in arriving at the carrying amount of the asset. All other government grants are recognised as other income.

Government grants received by the Group relate to the Research and Development Tax Incentive, the BioMedTech Horizons (BMTH) program grant and the Export Market Development Grant for the year ended 30 June 2022. The Research and Development Tax Incentive requires submission of the Research and Development tax incentive schedule with the 30 June 2022 annual tax return, and the BMTH program requires submission of a financial report, which was prepared subsequent to year end. As a portion of the Research and Development Tax Incentive and BMTH program grant relate to the capitalised costs comprising the intangible asset, the relevant portion is deducted from the intangible asset to arrive at its carrying amount (see note 11).

#### (f) Employee benefits

##### (i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (ii) Long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

#### (g) Income tax

Tax expense comprises current tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

##### Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends.

##### Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; or
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 3 Significant accounting policies (continued)

#### (h) Goods and services tax

Expenses are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Where GST is charged receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### (i) Earnings per share

##### (i) Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing the earnings attributable to equity holders of the Group, 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 year.

##### (ii) Diluted earnings per share

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for shares held by the Group's sponsored employee share plan trust, for the effects of all dilutive potential ordinary shares, which comprise performance rights and share options granted to employees.

#### (j) Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the Board of Directors ("the Board"). The Company only has one segment from which it reports.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating segments' operating results are regularly reviewed by the Group's Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

All significant operating decisions are based upon analysis of the Group as one segment. The financial results of this segment are equivalent to the consolidated financial statements of the Group as a whole.

The accounting policies applied for internal reporting purposes are consistent with those applied in preparation of the consolidated financial statements.

#### (k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

##### As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each of the lease components on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially

measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site of which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

#### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### (l) Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, options over shares or performance rights over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using an appropriate option pricing model, such as the Binomial, Black-Scholes or Monte Carlo 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 Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

### 3 Significant accounting policies (continued)

The cost of equity-settled transactions is 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.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**(m) Basis of consolidation**

**Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

**Transactions eliminated on consolidation**

Intercompany balances and any unrealised gains and losses or income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

**(n) Foreign currency translation**

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

**Group companies**

The results and financial position of the foreign operation (domiciled in the USA) has a functional currency different from the presentation currency and are translated into the presentation currency as follows:

- assets and liabilities of the balance sheet are translated at the closing rate at the date of that balance sheet;
- income and expenses for the statement of profit or loss and statement of comprehensive income are translated at an average exchange rate, and
- all resulting exchange differences are recognised in other comprehensive income.

**(o) New and amended accounting policies adopted by the Group Standards and Interpretations applicable to 30 June 2022**

In the year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to the Group accounting policies.

**(p) Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**(q) Impairment of tangible and intangible assets**

At each reporting date, the Group reviews the carrying amount of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, as in the case when intangible asset is not yet ready for use, the Group makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. When the carrying value of an asset or cash-generating unit (CGU) exceeds its recoverable amount, the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

**(r) Fair value**

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### 4 Other income

	2022 (\$'000)	2021 (\$'000)
Government grants	197	210
	<b>197</b>	<b>210</b>

### 5 Finance income and costs

	2022 (\$'000)	2021 (\$'000)
<b>Finance income</b>		
Interest income	73	-
	<b>73</b>	<b>-</b>
<b>Finance costs</b>		
Lease interest expense	14	2
Bank fees	7	25
	<b>21</b>	<b>27</b>

## 6 Income tax

	2022 (\$'000)	2021 (\$'000)
<b>A. Amounts recognised in profit or loss</b>		
Current tax		
Current year	-	-
	-	-
<b>Deferred tax</b>		
Origination and reversal of temporary differences	535	-
	<b>535</b>	-
<b>Total income tax expense/(benefit)</b>	<b>535</b>	-
<b>B. Amounts recognised directly in equity</b>		
Origination and reversal of temporary differences	(535)	-
<b>Total income tax expense/(benefit) recognised in equity</b>	<b>(535)</b>	-
<b>C. Reconciliation of tax</b>		
Loss before tax for the year	(16,620)	(4,080)
Total income tax expense	-	-
Loss excluding income tax	(16,620)	(4,080)
Income tax using the Company's domestic tax rate of 25% (2021: 25%)	(4,155)	(1,061)
Non-deductible expenses	2,461	682
Non-assessable income	(374)	(217)
Unrecognised DTA on assets and liabilities	2,603	596
<b>Total income tax expense/(benefit)</b>	<b>535</b>	-

### Unrecognised deferred tax assets and liabilities

Deferred tax assets (comprising temporary differences and unused tax losses) of \$3,376,077 (2021: \$773,431) have not been recognised because at the reporting date, the Group is unable to demonstrate the applicable recognition criteria.

	Movement in deferred tax balances			Balance at 30 June 2022		
	Net balance at 1 July (\$'000)	Profit or loss or Equity Benefit/ (expense) (\$'000)	Net (\$'000)	Deferred tax assets (\$'000)	Deferred tax liabilities (\$'000)	
Recognised in profit or loss						
Accrued income	-	(11)	(11)	-	(11)	
Prepayments	-	(82)	(82)	-	(82)	
Property, plant and equipment	(24)	(88)	(112)	-	(112)	
Intangible assets	(122)	(790)	(912)	-	(912)	
Trade creditors and accruals	57	(47)	10	10	-	
Section 40-880 expenditure	184	(38)	146	146	-	
Right-of-use assets/lease liabilities	-	212	212	212	-	
Employee benefits	43	50	93	93	-	
Tax losses	635	2,861	3,496	3,496	-	
Unrealised FX	-	1	1	1	-	
	773	2,068	2,841	3,958	(1,117)	
Recognised in equity						
Section 40-880 expenditure	-	535	535	535	-	
	-	535	535	535	-	
<b>Tax assets/(liabilities) before set-off</b>		<b>773</b>	<b>2,603</b>	<b>3,376</b>	<b>4,493</b>	<b>(1,117)</b>
Set-off of tax	-	-	-	-	(1,117)	1,117
	773	2,603	3,376	3,376	-	-
Tax assets not brought to account	(773)	(2,603)	(3,376)	(3,376)	-	-
<b>Net deferred tax balance</b>	-	-	-	-	-	-
	Movement in deferred tax balances			Balance at 30 June 2021		
	Net balance at 1 July (\$'000)	Profit or loss or Equity Benefit/ (expense) (\$'000)	Effect of change of tax rate (\$'000)	Net (\$'000)	Deferred tax assets (\$'000)	Deferred tax liabilities (\$'000)
Property, plant and equipment		(5)	(21)	2	(24)	(24)
Intangible assets	-	(127)	5	(122)	-	(122)
Trade creditors and accruals	8	53	(4)	57	57	-
Section 40-880 expenditure	2	190	(8)	184	184	-
Employee benefits	11	35	(3)	43	43	-
Tax losses	224	466	(55)	635	635	-
<b>Tax assets/(liabilities) before set-off</b>		<b>240</b>	<b>596</b>	<b>(63)</b>	<b>773</b>	<b>919</b>
Set-off of tax	-	-	-	-	(146)	146
	240	596	(63)	773	773	-
Tax assets not brought to account	(240)	(596)	63	(773)	(773)	-
<b>Net deferred tax balance</b>	-	-	-	-	-	-

## 7 Cash and cash equivalents

	2022 (\$'000)	2021 (\$'000)
Cash at bank	15,285	12,982
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>15,285</b>	<b>12,982</b>
<b>Reconciliation to statement of cash flows</b>		
Loss for the year	(17,155)	(4,080)
Adjustments for:		
Tax expense	535	-
Depreciation and amortisation	202	39
Unrealised foreign exchange gain	2	-
Share-based payments	5,608	1,362
(Gain)/loss on sale of property, plant and equipment	(2)	2
Interest income	(73)	-
Government grants	(181)	(205)
Development expenditure	-	1,455
Changes in:		
Trade and other receivables	690	(1,031)
Trade and other payables	524	838
Provisions and employee entitlements	199	133
<b>Net cash used in operating activities</b>	<b>(9,651)</b>	<b>(1,487)</b>

## 8 Trade and other receivables

	2022 (\$'000)	2021 (\$'000)
Research and development tax incentive	1,451	836
GST receivable	68	90
Government grant receivable	423	490
Other receivables	44	15
	<b>1,986</b>	<b>1,431</b>

## 9 Other investments

	2022 (\$'000)	2021 (\$'000)
Short-term deposits	20,274	-
	<b>20,274</b>	<b>-</b>

At 30 June 2022, the Company held a \$20 million term deposit with an interest rate of 0.40% per annum, maturing in December 2022, and restricted cash of \$274,000. The restricted cash relates to a rental bond and security held over a corporate card facility.

## 10 Property, plant and equipment

	Computer equipment (\$'000)	Office Equipment (\$'000)	Office Fit-out (\$'000)	Total (\$'000)
<b>Cost</b>				
Balance at 1 July 2020	19	-	-	19
Additions	78	12	4	94
Disposals	(4)	-	-	(4)
<b>Balance at 30 June 2021</b>	<b>93</b>	<b>12</b>	<b>4</b>	<b>109</b>
Balance at 1 July 2021	93	12	4	109
Additions	130	262	1,487	1,879
Disposals	-	(12)	-	(12)
Write-offs	(6)	-	(4)	(10)
<b>Balance at 30 June 2022</b>	<b>217</b>	<b>262</b>	<b>1,487</b>	<b>1,966</b>
<b>Accumulated Depreciation</b>				
Balance at 1 July 2020	(3)	-	-	(3)
Depreciation for the year	(7)	(1)	(1)	(9)
Disposals	1	-	-	1
<b>Balance at 30 June 2021</b>	<b>(9)</b>	<b>(1)</b>	<b>(1)</b>	<b>(11)</b>
Balance at 1 July 2021	(9)	(1)	(1)	(11)
Depreciation for the year	(35)	(48)	(67)	(150)
Disposals	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>(44)</b>	<b>(49)</b>	<b>(68)</b>	<b>(161)</b>
<b>Carrying Amounts</b>				
Balance at 1 July 2020	16	-	-	16
Balance at 30 June 2021	84	11	3	98
Balance at 1 July 2021	84	11	3	98
<b>Balance at 30 June 2022</b>	<b>173</b>	<b>213</b>	<b>1,419</b>	<b>1,805</b>

## 11 Intangible assets

	Development costs (\$'000)	Total (\$'000)
<b>Cost</b>		
Balance at 1 July 2020	-	-
Additions	1,926	1,926
Government grants	(1,409)	(1,409)
<b>Balance at 30 June 2021</b>	<b>517</b>	<b>517</b>
Balance at 1 July 2021	517	517
Additions	4,501	4,501
Government grants (note 3(e))	(1,343)	(1,343)
<b>Balance at 30 June 2022</b>	<b>3,675</b>	<b>3,675</b>
<b>Accumulated Amortisation</b>		
Balance at 1 July 2020	-	-
Amortisation for the year	-	-
Disposals	-	-
<b>Balance at 30 June 2021</b>	<b>-</b>	<b>-</b>
Balance at 1 July 2020	-	-
Depreciation for the year	-	-
Disposals	-	-
<b>Balance at 30 June 2022</b>	<b>-</b>	<b>-</b>
<b>Carrying Amounts</b>		
Balance at 1 July 2020	-	-
Balance at 30 June 2021	517	517
Balance at 1 July 2021	517	517
<b>Balance at 30 June 2022</b>	<b>3,675</b>	<b>3,675</b>

The Company received Australian regulatory approval for its intangible asset in November 2019.

The recoverable amount of the development costs is based on fair value less cost of disposal. The fair value less cost of disposal was estimated using a five-year discounted cash flow model with a pre-tax discount rate of 30%, a terminal value was applied from 2027 and Australian revenue growth based on historical and reported forecast demand for CT scans. The cash flow model only includes cash flows for Australia and New Zealand and does not incorporate the potential sales from other regions on regulatory approval; it is assumed that product development and commercial sales will commence during the 2023 financial year. The discount rate has been based on commonly accepted guidance for the valuation of startup companies and an independently prepared market research report; the terminal value growth rate has been based on long-term growth rates; to factor in the uncertainty arising from the absence of sales history, a risk premium has been factored into estimating the discount rate. The recoverable amount of the CGU was estimated to be higher than its carrying amount and no impairment was required. Sensitivity analysis has been undertaken to stress test revenue growth and discount rates; if revenue growth were to decline by 10% or the discount rate were to increase by 10%, the fair value less cost of disposal would still exceed the carrying value of the asset. Based on the range and depth of sensitivities applied, no reasonable change in assumptions would result in an impairment.

A further \$518,602 of research expenditure was incurred during the year and recognised in various expense items of the statement of profit or loss (2021: \$2,122,385).

## 12 Leases

The Group leases its office premises. During the financial year, the Group moved its premises from Nedlands to West Perth. This resulted in the extinguishment of one lease and the commencement of a new lease. The lease of the new office premises runs for 5 years with an option to renew and extend for a further 3 years after that date. The Group has assessed at the lease commencement date that it is reasonably uncertain the option to extend will be exercised. Lease payments increase annually at the higher of CPI or 3%.

Right of Use Asset – Building (office premises)	2022 (\$'000)	2021 (\$'000)
Balance at 1 July	46	10
Additions to right-of-use asset	1,431	74
Lease incentives received	(885)	-
Amortisation	(52)	(29)
Disposal of right-of-use asset	(21)	(9)
<b>Balance at 30 June</b>	<b>519</b>	<b>46</b>
<b>Amounts recognised in profit or loss</b>		
Interest on lease liabilities	14	2
Amortisation of right-of-use assets	52	29
Expenses relating to short-term leases	-	1
<b>Total amount recognised</b>	<b>66</b>	<b>32</b>
<b>Amounts recognised in statement of cash flows</b>		
Repayment of lease liabilities	(107)	(31)
Lease incentives received	885	-
<b>Total received/ (paid)</b>	<b>778</b>	<b>(31)</b>
<b>Lease liability</b>		
Current	220	37
Non-current	1,148	10
<b>1,368</b>	<b>47</b>	
Lease liability	2022 (\$'000)	2021 (\$'000)
Balance at 1 July	47	11
Lease repayments	(107)	(31)
Interest	14	2
Remeasurement of lease liability	(17)	(9)
New lease	1,431	74
<b>Balance at 30 June</b>	<b>1,368</b>	<b>47</b>

## 13 Trade and other payables

	2022 (\$'000)	2021 (\$'000)
Trade payables	449	453
PAYG withholding tax payable	432	123
Other payables	611	377
	<b>1,492</b>	<b>953</b>

## 14 Employee benefits

	2022 (\$'000)	2021 (\$'000)
Employee benefits expense		
Wages & salaries	2,972	777
Superannuation	220	59
Payroll tax	150	10
Other expenses	35	4
	<b>3,377</b>	<b>850</b>

	2022 (\$'000)	2021 (\$'000)
Current liability		
Annual leave liability	351	167
	<b>351</b>	<b>167</b>

	2022 (\$'000)	2021 (\$'000)
Non-current liability		
Long-service leave liability	18	3
	<b>18</b>	<b>3</b>

## 15 Share capital

	Ordinary shares		Number of shares	
	2022 (\$'000)	2021 (\$'000)	2022 No.	2021 No.
On issue at start of the year	18,106	3,977	48,482,960	31,437,500
Issued	40,000	15,000	29,629,630	17,045,460
Exercise of options	10	-	135,000	-
Share issue costs net of tax	(1,718)	(871)	-	-
<b>On issue at 30 June</b>	<b>56,398</b>	<b>18,106</b>	<b>78,247,590</b>	<b>48,482,960</b>

### (a) Ordinary Shares

The Group does not have authorised capital or par value in respect of its issued shares. All shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group. In the event of the winding up of the Group, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

### (b) Issue of ordinary shares

On 26 November 2021, Artrya was admitted to the official list of the Australian Securities Exchange (ASX) following the successful completion of a \$40 million initial public offering ("IPO"). The IPO included the issue of approximately 29.8 million fully paid ordinary shares at the issue price of \$1.35 per share. The Company received approximately \$37.8 million in net proceeds from the IPO after the payment of related fees and expenses of approximately \$1.7 million net of tax. (2021: issue of 17,045,460 ordinary shares at an issue price of \$0.88 per share, raising \$15,000,005).

### (c) Capital risk management

The Group'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group does not have any externally imposed capital requirements.

The Group monitors capital on the basis of its working capital position (i.e. liquidity risk). The Group's net working capital at 30 June 2022 was \$35,807,236 (30 June 2021: \$13,256,020).

## 16 Reserves

	2022 (\$'000)	2021 (\$'000)
Share-based payments reserve	6,973	1,379
Foreign currency translation reserve	5	-
	<b>6,978</b>	<b>1,379</b>

### Share-based payments reserve

The reserve is used to recognise the value of equity benefits of options and performance rights provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

### Foreign currency translation reserve

The foreign currency translation reserve contains the accumulated foreign exchange differences from the translation of the financial statements of the Group's foreign, arising when the Group's entities are consolidated.

## 16 Reserves (continued)

Share-based payments reserve	2022 (\$'000)	2021 (\$'000)
Balance at 1 July	1,379	17
Share-based payments expense	5,594	1,362
<b>Balance at 30 June</b>	<b>6,973</b>	<b>1,379</b>
Foreign currency translation reserve	2022 (\$'000)	2021 (\$'000)
Balance at 1 July	-	-
Foreign exchange difference from the translation of Artrya USA Inc.	5	-
<b>Balance at 30 June</b>	<b>5</b>	<b>-</b>

## 17 Auditor remuneration

	2022 (\$)	2021 (\$)
<b>Audit and review of financial statements</b>	<b>69,000</b>	<b>20,000</b>
<b>Services other than audit and review of financial statements</b>		
Other assurance services – grant acquittal audit	12,000	10,350
Other assurance services – other services	50,000	-
Taxation compliance services	33,658	22,314
Accounting advice*	30,843	17,507
Research and Development tax incentive	50,613	16,457
Tax advice	60,382	3,276
<b>KPMG Australia</b>	<b>306,496</b>	<b>89,904</b>

\*Prior to its listing on the ASX on November 2021, the Group received accounting support from KPMG. The arrangement ceased in September 2021.

## 18 Financial instruments – fair value and risk management

### Accounting classifications and fair value

The following table shows the carrying amounts of financial assets and financial liabilities. For each of these assets, the carrying amount is a reasonable approximation of fair value.

	Note	2022 (\$'000)	2021 (\$'000)
<b>Financial assets not measured at fair value</b>			
Cash and cash equivalents	7	15,285	12,982
Trade and other receivables	8	1,986	1,431
Other investments	9	20,274	-
		<b>37,545</b>	<b>14,413</b>
<b>Financial liabilities not measured at fair value</b>			
Trade and other payables	13	1,492	953
Lease liability	12	1,368	-
		<b>2,860</b>	<b>953</b>

### Financial risk management

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Group's exposure to the specific risks, and the policies and processes for measuring and managing those risks and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### (a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from transactions with customers and term deposit investments with financial institutions.

The carrying amounts of financial assets represent the maximum credit exposure.

#### Cash and cash equivalents

The Group has cash and cash equivalents of \$15,284,566 at 30 June 2022 (2021: \$12,982,397) that are held with banks that are rated AA- based on S&P Global rating.

#### Trade and other receivables

The nature of the business activity of the Group does not result in trading receivables. Receivables of the Group primarily consist of the research and development tax incentive and grant income to be received and net GST receivable. The receivables that the Group does experience through its normal course of business are short term and the risk of no recovery of receivables is considered to be negligible.

## 18 Financial instruments – fair value and risk management (continued)

### Other investments

The Group has term deposit investments of \$20,274,000 (2021: \$nil) in banks that are rated AA- based on S&P Global rating.

### (b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted; and include contractual interest payments.

	Contractual cash flows				
	Carrying Amount (\$'000)	Total (\$'000)	2 months or less (\$'000)	2-12 Months (\$'000)	1-5 years (\$'000)
<b>30 June 2022</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	1,492	1,492	1,492	-	-
Lease liabilities	1,368	1,578	52	262	1,264
	<b>2,860</b>	<b>3,070</b>	<b>1,544</b>	<b>262</b>	<b>1,264</b>

	Contractual cash flows				
	Carrying Amount (\$'000)	Total (\$'000)	2 months or less (\$'000)	2-12 Months (\$'000)	1-2 years (\$'000)
<b>30 June 2021</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	953	953	953	-	-
Lease liabilities	-	-	-	-	-
	<b>953</b>	<b>953</b>	<b>953</b>	<b>-</b>	<b>-</b>

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

The Group had no exposure to equity price risk in 2022 (2021: nil).

### Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to management of the Group is as follows.

	30 June 2022	30 June 2021
	USD (\$'000)	USD (\$'000)
Cash and cash equivalents	312	-
Trade Payables	(206)	-
<b>Net statement of financial position exposure</b>	<b>106</b>	<b>-</b>

### Sensitivity Analysis

A reasonably possible strengthening (weakening) of the above currencies at 30 June would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes all other variables remain constant.

	Profit or loss		Equity, net of tax		
	Effect in AUD	Strengthening	Weakening	Strengthening	Weakening
30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000
USD (10% movement)	11	11	11	11	11
<b>30 June 2021</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>USD (10% movement)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Interest rate risk

At 30 June 2022, the Group was not exposed to any significant interest rate risk. There is minimal exposure to the impact of adverse changes in benchmark interest rates; the Group holds fixed rate term deposit investments.

The Company was exposed to variable interest rate risks on cash deposits. A reasonably possible change of 50 basis points (2021: 50 basis points) in interest rates at the reporting date would have increased or decreased the loss before tax by \$75,198 (2021: \$64,912).

## 19 Related party

### Transactions with key management personnel

#### Key management personnel compensation

Key management personnel compensation comprised the following.

	2022 (\$'000)	2021 (\$'000)
Short-term employee benefits	1,097	518
Post employment employee benefits	57	46
Long-term employee benefits	11	3
Share-based payment expense	1,529	365
	<b>2,694</b>	<b>932</b>

## 20 Share-based payments

The Group has a formal incentive award plan for the issue of options, performance rights and/or shares to employees, Directors and consultants. Options, performance rights and shares are granted free of charge and are exercisable at a fixed price in accordance with the terms of the grant. Options and performance rights over unissued shares are issued under the terms of the Plan at the entire discretion of the Board.

### Options

#### (a) Number and weighted average exercise prices of share options

	2022	2021		
	Weighted average exercise price (WAEP) (\$)	Number of options	Weighted average exercise price (WAEP) (\$)	Number of options
Outstanding at 1 July	0.074	9,786,752	0.007	6,540,000
Granted during the period	2.172	12,325,000	0.210	3,246,752
Exercised during the period*	0.075	(135,000)	-	-
Expired/forfeited/other	-	-	-	-
Outstanding at 30 June	1.251	21,976,752	0.074	9,786,752
Exercisable at 30 June		11,816,752		2,203,768

\*The options were exercised on 18 November 2021, prior to the Company listing on the ASX on 26 November 2021.

#### (b) Options granted during the year

The following factors and assumptions were used to determine the fair value of unlisted options granted during the year.

Grant Date	Option Life	Pricing Model	Fair value per option	Exercise price	Price of shares on grant date	Expected volatility (iv)	Risk free interest rate	Dividend yield
5,500,000 (i) 9 Jul 2021	5 years	Black Scholes	\$0.5559	\$1.000	\$0.880	83.28%	0.69%	Nil%
1,300,000 (ii) 13 Jan 2022	5 years	Black Scholes	\$0.8976	\$1.350	\$1.300	89.83%	1.47%	Nil%
1,300,000 (ii) 13 Jan 2022	5 years	Black Scholes	\$0.7224	\$3.000	\$1.300	89.83%	1.47%	Nil%
1,300,000 (ii) 13 Jan 2022	5 years	Black Scholes	\$0.6026	\$5.000	\$1.300	89.83%	1.47%	Nil%
650,000 (ii) 28 Mar 2022	5 years	Black Scholes	\$0.7013	\$1.350	\$1.050	90.13%	2.68%	Nil%
650,000 (ii) 28 Mar 2022	5 years	Black Scholes	\$0.5571	\$3.000	\$1.050	90.13%	2.68%	Nil%
650,000 (ii) 28 Mar 2022	5 years	Black Scholes	\$0.4604	\$5.000	\$1.050	90.13%	2.68%	Nil%
325,000 (iii) 30 Jun 2022	5 years	Black Scholes	\$0.3860	\$1.350	\$0.650	90.25%	3.36%	Nil%
325,000 (iii) 30 Jun 2022	5 years	Black Scholes	\$0.2933	\$3.000	\$0.650	90.25%	3.36%	Nil%
325,000 (iii) 30 Jun 2022	5 years	Black Scholes	\$0.2347	\$5.000	\$0.650	90.25%	3.36%	Nil%

(i) 2 million options each were granted to John Barrington and John Konstantopoulos and 1.5 million options were granted to Bernie Ridgeway. Half of the options granted to each Director vested upon listing of the Company on 26 November 2022. The remaining half of granted options will vest on the execution of binding Customer Agreements relating to the use of Salix Coronary Anatomy (SCA) with radiology practices, cardiology practices, public hospitals or private hospitals that have a primary place of business outside of Australia, where the total aggregate consideration payable to the Company under those contracts is at least US\$10 million as recorded in audited financial statements of the Company.

(ii) Various grants of options to consultants occurred during the year. These options vested immediately.

(iii) Options were granted to an employee. The options vest over 6 months. As the terms were not fully accepted during the financial year, the value of the options was estimated as at 30 June 2022. The estimate will be revised on the date that the terms are fully accepted. As the terms had not yet been accepted, the options were not yet issued at year end.

(iv) Expected volatility was based on the historical volatility of comparable companies and estimates by option valuation experts.

#### (c) Options on issue at the balance date

The number of options outstanding over unissued ordinary shares at 30 June 2022 is 21,976,752 (2021: 9,786,752). The terms of these options are as follows:

Number of Unlisted Options Outstanding	Number Vested	Exercise Price (cents)	Expiry Date
6,000,000 (i)	-	\$0.001	25 Mar 2024
405,000 (ii)	135,000	\$0.075	10 Jan 2025
220,000 (iii)	55,000	\$0.075	27 Nov 2025
1,226,752	1,226,752	\$0.075	31 Dec 2025
1,300,000	1,300,000	\$0.056	23 Sep 2025
500,000	500,000	\$1.000	23 Apr 2026
5,500,000 (iv)	2,750,000	\$1.000	9 Jul 2026
1,300,000	1,300,000	\$1.350	13 Jan 2027
1,300,000	1,300,000	\$3.500	13 Jan 2027
1,300,000	1,300,000	\$5.000	13 Jan 2027
650,000	650,000	\$1.350	28 Mar 2027
650,000	650,000	\$3.500	28 Mar 2027
650,000	650,000	\$5.000	28 Mar 2027
325,000 (v)	-	\$1.350	(v)
325,000 (v)	-	\$3.500	(v)
325,000 (v)	-	\$5.000	(v)

The vesting conditions of options granted in a previous year which have not yet been met are as follows.

(i) 4,000,000 options vest following the Company generating the first sales revenue of any amount from a contracted customer for use of the Software as a Service (SaaS) Salix Coronary Anatomy (SCA) product, as evidenced by the existence of a fully executed Customer Agreement and as recorded in audited financial statements of the Company, with such revenue being directly attributable to sales of the SCA product to customers.

(ii) 2,000,000 options vest following the Company generating the first sales revenue of any amount from a contracted customer for use of the Software as a Service (SaaS) Salix Coronary Anatomy (SCA) product, as evidenced by the existence of a fully executed Customer Agreement and as recorded in audited financial statements of the Company, with such revenue being directly attributable to sales of the SCA product to customers outside of Australia.

(iii) 135,000 options vest on 31 December 2022 subject to continued employment with the Company as at that date and detection of Vulnerable Plaque biomarkers is achieved on or before 31 December 2021.

(iv) 135,000 options vest on 31 December 2023 subject to continued employment with the Company as at that date and creation of a patient risk score is achieved on or before 31 December 2022.

(v) 55,000 options vest on 31 December 2022 subject to continued employment with the Group as at that date and completion of the Salix FFR product version 1.0 on or before 31 December 2021.

## 20 Share-based payments (continued)

(vi) 55,000 options vest on 31 December 2023 subject to continued employment with the Group as at that date and detection of Vulnerable Plaque biomarkers is achieved on or before 15 December 2021.

(vii) 55,000 options vest on 31 December 2024 subject to continued employment with the Group as at that date and creation of a patient risk score is achieved on or before 15 December 2022.

(viii) Execution of binding Customer Agreements relating to the use of Salix Coronary Anatomy (SCA) with radiology practices, cardiology practices, public hospitals or private hospitals that have a primary place of business outside of Australia, where the total aggregate consideration payable to the Company under those contracts is at least US\$10 million as recorded in audited financial statements of the Company, and provided you remain a Director of the Company at that time.

(ix) 975,000 options vest following 6 months of continued employment after the issue date of the options. As the terms were not fully accepted during the financial year, the options were not yet issued at year end.

**(d) Weighted average remaining contractual life**

The weighted average remaining contractual life for the share options outstanding as at 30 June 2022 is 3.49 years (2021: 3.47 years).

### Performance Rights

**(a) Performance rights granted during the year**

Performance rights were granted to employees of the Company on 21 June 2022.

Grant Date	Performance Right life	Pricing Model	Fair value per right	Share price barrier	Price of shares on grant date	Expected volatility	Risk free interest rate	Dividend yield
449,596 (i) 21 Jun 2022	2.03 years	Monte Carlo	\$0.088	\$2.556	\$0.545	70%	3.22%	0%
449,596 (ii) 21 Jun 2022	3.03 years	Monte Carlo	\$0.083	\$4.473	\$0.545	70%	3.58%	0%

(i) 449,596 rights vest when the Company achieves a market capitalisation of \$200 million by 30 June 2024.

(ii) 449,596 rights vest when the Company achieves a market capitalisation of \$350 million by 30 June 2025.

**(b) Performance rights on issue at the balance date**

Number of Performance Rights Outstanding	Number Vested	Expiry Date
449,596 (i)	-	30 Jun 2027
449,596 (ii)	-	30 Jun 2027

(i) 449,596 rights vest when the Company achieves a market capitalisation of \$200 million by 30 June 2024.

(ii) 449,596 rights vest when the Company achieves a market capitalisation of \$350 million by 30 June 2025.

## Shares

**(a) Shares granted during the year**

17,290 shares with a value of \$14,000 were granted to employees on 21 June 2022. The shares have an escrow period of 3 years (2021: nil shares).

## 21 Earnings per share

	2022 (cents)	2021 (cents)
<b>Basic and diluted earnings per share</b>		
Loss attributable to ordinary equity holders of the company	(25.92)	(11.85)
(\$'000)	(\$'000)	
<b>Loss after tax from continuing operations</b>		
	(17,155)	(4,080)
	No.	No.
<b>Weighted average number of shares</b>		66,176,878 34,434,504

As at 30 June 2022, 21,976,752 options and 889,194 performance rights were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive. Accordingly, diluted earnings per share are the same as the basic earnings per share. The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options and performance rights was based on quoted market prices for the year during which the options and performance rights were outstanding.

## 22 Controlled entities

	2022 %	2021 %
<b>Subsidiaries:</b>		
Artrya Global Pty Ltd (formerly known as Artra Medical IP Pty Ltd)	Australia	100
Artrya USA Inc. (incorporated 22 March 2022)	USA	100

## 23 Parent Entity Disclosure

	Note	30 June 2022 (\$'000)	30 June 2021 (\$'000)
Current assets		37,579	14,413
Non-current assets		6,286	661
<b>Total assets</b>		<b>43,865</b>	<b>15,074</b>
Current liabilities		2,064	1,157
Non-current liabilities		1,166	13
<b>Total liabilities</b>		<b>3,230</b>	<b>1,170</b>
<b>Equity</b>			
Share capital	15	56,398	18,106
Share-based payments reserve		6,973	1,379
Accumulated losses		(22,736)	(5,581)
		<b>40,635</b>	<b>13,904</b>
<b>Loss for the year</b>		<b>17,155</b>	<b>(4,080)</b>

The contingencies and commitments of the Parent are that of the Group, which are disclosed at Note 25 and 26.

## 24 Operating segment

The Group manages its operations as a single business operation and there are no parts of the Group that qualify as operating segments under AASB 8 Operating Segments. The Board of Directors (Chief Operating Decision Maker or "CODM") assess the financial performance of the Group on an integrated basis only and accordingly, the Group is managed on the basis of a single segment, being the development of AI-driven CCTA image analysis technology. Information presented to the CODM on a monthly basis is categorised by type of expenditure.

## 25 Contingencies

In the opinion of management, the Group did not have any contingencies at 30 June 2022 (2021: none).

## 26 Commitments

In the opinion of management, the Group did not have any commitments at 30 June 2022 (2021: none).

## 27 Subsequent events

On 1 July 2022, the following were issued under the Company's Employee Incentive Award Plan:

- 308,642 performance rights

The rights vest subject to meeting performance milestones and continued employment with the Company.

An additional 500,000 options were granted to a consultant on the same date in respect of clinical research services. The options are exercisable at \$1.50 and expire on 1 July 2027.

On 1 August 2022, the Company announced the appointment of Dr Jacque Sokolov to the Artrya Limited Board of Directors as a Non-Executive Director.

Other than the above, the Directors of the Company have considered that there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

## Directors' declaration

### For the year ended 30 June 2022

#### 1. In the opinion of the Directors of Artrya Limited and its subsidiary, (the "Group"):

(a) the consolidated financial statements and notes that are set out on pages 33 to 58 and are in accordance with the Corporations Act 2001; including

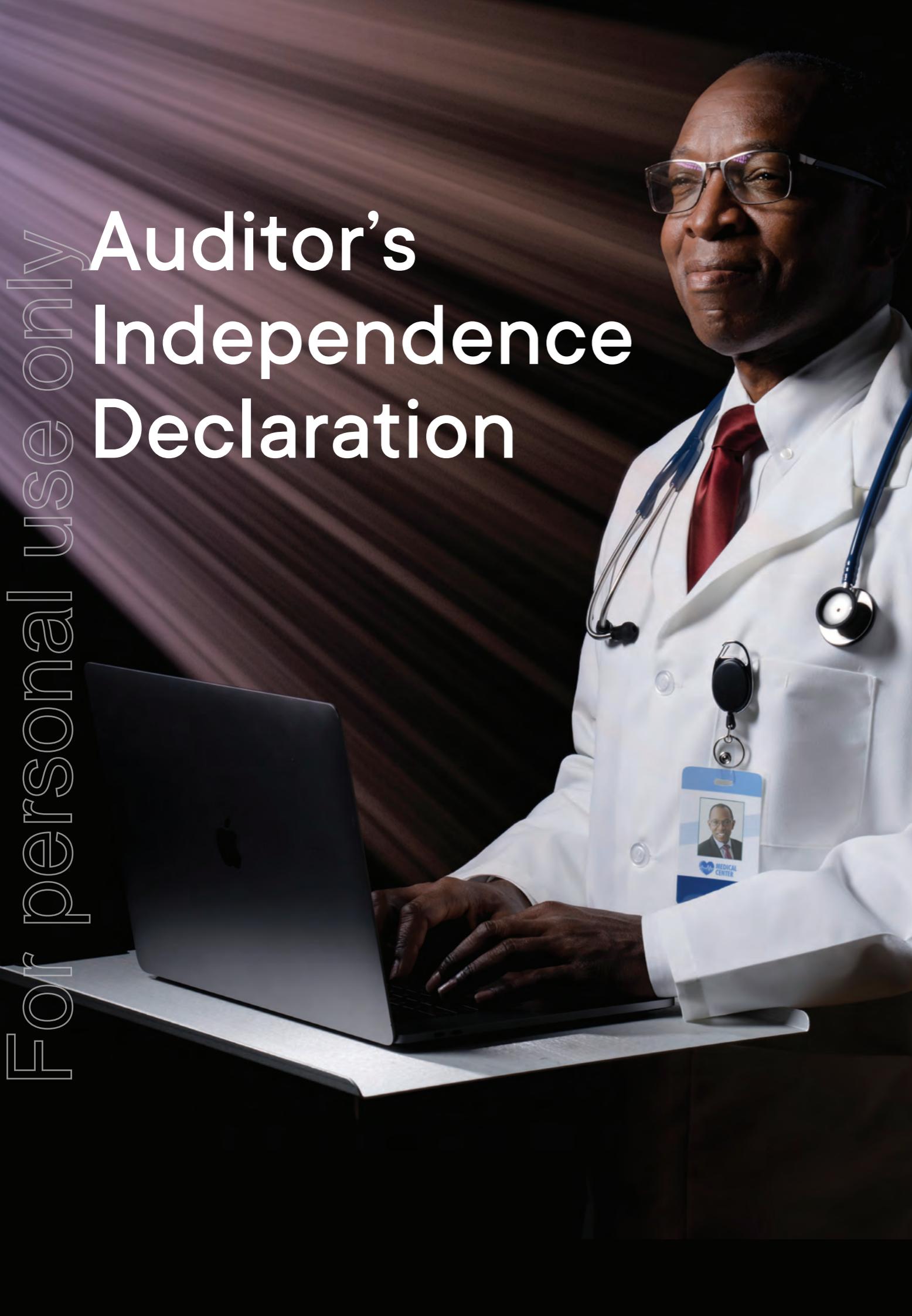
- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (iii) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable

(b) The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2022.

#### 2. The Directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

John Barrington AM  
Managing Director  
Dated at Perth this 31st August 2022



# Auditor's Independence Declaration



## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Artrya Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Artrya Limited for the financial year ended 30 June 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG



John Ward

Partner

Perth

31 August 2022

# Independent Auditor's Report



## Independent Auditor's Report

To the shareholders of Artrya Limited

### Report on the audit of the Financial Report

#### Opinion

We have audited the **Financial Report** of Artrya Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group**'s financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and,
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises

- Consolidated statement of financial position as at 30 June 2022;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and,
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

#### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Key Audit Matters

The **Key Audit Matters** we identified are:

- Share-based payments
- Carrying value of intangible asset

**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.

Share-based payments (AUD 5.56 million)	
Refer to Note 20 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>Share-based payments is a key audit matter due to the significant effort required by us to audit the share-based payment expense considering the nature of the Group's share-based incentive schemes.</p> <p>We focused on:</p> <ul style="list-style-type: none"> <li>Valuation methodology used by the Group, including the methodology applied to the valuation of the share options and performance rights;</li> <li>Valuation inputs used in the Group's share options and performance rights valuation models, such as the share price at grant date, grant date, expiry date, option exercise price, and risk-free interest rate;</li> <li>Expected volatility used by the Group in their share options and performance rights valuation models. This required significant judgement by us to assess the sources of the assumptions used by the Group; and,</li> <li>Vesting period and vesting conditions applied in determining the recognition of the share based payment expense.</li> </ul> <p>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>Reading the terms of share options and performance rights issued and evaluating the appropriateness of the Group's accounting policy for share-based payments against the requirements in AASB 2 <i>Share-based payment</i>.</li> <li>Checking the inputs to the Group's share options and performance rights valuation models such as the grant date, option exercise price, number of options issued, and expiry date to underlying offer letters.</li> <li>Checking the risk-free interest rate to externally published source.</li> <li>Checking the share price at grant date to either the most recent issue price of the Company's shares prior to the Company's ASX listing, or to the Company's quoted share price on the ASX.</li> <li>Checking the vesting period and vesting conditions to underlying offer letters. We assessed the achievement of vesting conditions against relevant source documentation such as the official quotation on the ASX, the underlying share-based incentive conditions, and the requirements of the accounting standards.</li> <li>For the share options issued, working with our valuation specialists using our knowledge of the Group and our industry experience, to develop an independent expected volatility assumption from publicly available market data. We compared this to the Group's expected volatility assumption.</li> <li>For the performance rights issued, working with our valuation specialists to: <ul style="list-style-type: none"> <li>assess the valuation methodology against industry practice and accounting standard requirements;</li> <li>develop an independent expected volatility assumption using publicly available market data of comparable entities and our knowledge of the Company and our industry experience. We compared this to the Company's expected volatility assumption; and,</li> <li>independently develop a performance rights valuation, using a methodology allowed in the accounting standards. We compared this to the Company's valuation of the performance rights.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>Assessing the appropriateness of disclosures in the financial statements using our understanding obtained from our testing and against the requirements AASB 2.</li> </ul>				
Carrying value of intangible asset (AUD 3.68 million)					
	<p>Refer to Note 11 to the Financial Report</p> <table border="1"> <thead> <tr> <th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr> </thead> <tbody> <tr> <td> <p>The Group has \$3.68 million of intangible assets.</p> <p>The accounting standards require the intangible asset to be assessed by the Group for impairment as the intangible asset was still in development as at 30 June 2022. The impairment assessment has been undertaken by the Group using a Fair Value Less Cost of Disposal (FVLCD) model.</p> <p>The assessment of impairment was a key audit matter because it involved significant judgement in evaluating the assumptions used by the Group in their FVLCD model.</p> <p>The key judgements we focused on included:</p> <ul style="list-style-type: none"> <li>Forecast cash flows, including revenue growth rates, for FY 2023 to FY 2027. The intangible asset is still under development which increases the risk of inaccurate forecasts.</li> <li>Forecast capital expenditure to complete the intangible asset in development.</li> <li>The discount rate used in the FVLCD model which is complicated in nature. We involved our valuation specialists to assist in the assessment of the discount rate.</li> </ul> <p>The Group uses a manually developed model for the impairment assessment, including cost allocation, which tend to be prone to greater risk of error and inconsistent application. This necessitated additional scrutiny by us.</p> <p>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.</p> </td><td> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>Working with our valuation specialists, we evaluated the appropriateness of the fair value less costs of disposal method applied by the Group to perform the impairment assessment against the requirements of the accounting standards.</li> <li>Challenging the forecasts, assumptions, and the objectivity on which the assumptions are based by: <ul style="list-style-type: none"> <li>comparing the forecast cash flows and forecast capital expenditure contained in the FVLCD model to Board approved forecasts for FY 2023;</li> <li>assessing the completeness of the costs included therein against our understanding of the requirements of the FVLCD method and the accounting standards;</li> <li>assessing a sample of forecast salary costs, as the main component of forecast capital expenditure, to underlying sources such as employee contracts; and,</li> <li>assessing the revenue forecast and growth in the FVLCD model using publicly available information for comparable services, inquiring with the Group to understand the growth drivers, sourcing key reports of demand for companion medical services for comparison to the Group's revenue expectations, assessing information regarding pricing opportunities gained by the Group from testing environments, and using our knowledge of the Group's business.</li> </ul> </li> <li>Assessing the Group's methodology and documentation for the allocation of corporate costs to the forecast cash flows contained in the FVLCD model, for consistency with our understanding of the business and the criteria in the accounting standards.</li> <li>Assessing the Group's allocation of corporate assets for reasonableness and consistency based on the requirements of the accounting standards.</li> </ul> </td></tr> </tbody> </table>	The key audit matter	How the matter was addressed in our audit	<p>The Group has \$3.68 million of intangible assets.</p> <p>The accounting standards require the intangible asset to be assessed by the Group for impairment as the intangible asset was still in development as at 30 June 2022. 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- Working with our valuation specialists, we analysed the Group's discount rate against publicly available data.
- Considering the sensitivity of the FVLCD model by varying key assumptions, such as revenue growth rates and discount rates, within a reasonably possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.
- We compared the Company's market capitalisation to the Group's fair value calculation used in the FVLCD model.
- Assessing the disclosures in the financial report using our understanding of the issue obtained from our testing and against the requirements of the accounting standards.

### Other Information

Other Information is financial and non-financial information in Artrya Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report and Other shareholder information. The Chair's Report and Managing Director's Report are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and,
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our Auditor's Report.

### Report on the Remuneration Report

#### Opinion

In our opinion, the Remuneration Report of Artrya Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

#### Directors' 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 responsibilities

We have audited the Remuneration Report included in Section 11 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

John Ward

Partner

Perth

31 August 2022

# Other shareholder information

The shareholder information set out below was applicable as at 18 August 2022.

## Distribution of equitable securities

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

Range	Total holders	Shares	% Issued Capital
1 - 1,000	282	170,832	0.22
1,001 - 5,000	456	1,228,621	1.57
5,001 - 10,000	180	1,395,545	1.78
10,001 - 100,000	334	11,871,922	15.17
100,001 Over	119	63,597,960	81.26
<b>Total</b>	<b>1,371</b>	<b>78,264,880</b>	<b>100.00</b>
<b>Unmarketable Parcels</b>	<b>Minimum Parcel Size</b>	<b>Holders</b>	<b>Shares</b>
Minimum \$ 500.00 parcel at \$ 0.7800 per unit	642	155	61,476

## Equity security holders

### Twenty largest quoted equity security holders

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

Rank	Name	Number of ordinary shares fully paid held	% Units
1	JOHN BARRINGTON <BHT FAMILY A/C>	7,340,910	9.38
2	MS ERIKA HENRIETTE KONSTANTOPOULOS <IEMK FAMILY A/C>	7,000,000	8.94
3	SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA A/C>	2,815,721	3.60
4	RICH CAB PTY LTD <DALE MCKENZIE SUPER FUND A/C>	1,835,228	2.34
5	KEEBLE NOMINEES PTY LTD <RIDGEWAY SUPER FUND A/C>	1,669,192	2.13
6	RUBI HOLDINGS PTY LTD <JOHN RUBINO S/F A/C>	1,656,818	2.12
7	LACOTT PTY LTD <THE CHANEY FAMILY SUPER FUND A/C>	1,250,000	1.60
7	MS PAULA MARIA ROGERS	1,250,000	1.60
9	MUTUAL TRUST PTY LTD	1,170,909	1.50
10	STANLEY ROGER PTY LTD	1,074,074	1.37
11	UBS NOMINEES PTY LTD	1,067,529	1.36
12	AVY NOMINEES PTY LTD <THE JOHN FAMILY BUSINESS ASSETS A/C>	1,000,000	1.28
13	MR BENJAMIN RICHARD LISLE + MS GINA SARASA LISLE <BEN LISLE SUPER FUND A/C>	931,819	1.19
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	923,275	1.18
15	KOREL CORP PTY LTD <THE HONEYPOD SUPER FUND A/C>	909,092	1.16
16	THE ELSIE CAMERON FOUNDATION PTY LTD <THE ELSIE CAMERON FOUND A/C>	840,909	1.07
17	YALABA PTY LTD <ADRIANO G FINI A/C>	824,074	1.05
18	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	822,222	1.05
19	MR PAUL ERNEST NEILSEN + MS JULIE LOUISE NEILSEN <NEILSEN SUPER FUND A/C>	784,092	1.00
20	RUBI HOLDINGS PTY LTD <JOHN RUBINO S/F A/C>	766,667	0.98
<b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)</b>			<b>35,932,531</b> <b>45.90</b>
<b>Total Remaining Holders Balance</b>			<b>42,332,349</b> <b>54.10</b>

## Substantial holders

Details of substantial shareholders disclosed in substantial holder notices given to the Company are as follows:

Name	Number of ordinary shares fully paid held	% Ordinary share capital
ARTRYA LTD*	47,020,822	60.1
JOHN BARRINGTON	7,562,095	9.62
JOHN KONSTANTOPOULOS	7,000,000	8.95

\* The Company holds a relevant interest in 47,020,822 fully paid ordinary shares in itself (Shares). This technical relevant interest arises under section 608(1)(c) of the Corporations Act 2001 (Cth) because the Company is taken to be able to control the disposal of 47,020,822 of the Shares owned by shareholders who have entered into voluntary and ASX escrow deeds with the Company and those shareholders that have received Appendix 9C restriction notices from the Company

## Unquoted equity securities

Type	Expiry	Number on issue	Number of holders
Performance rights	1/7/2027	1,207,834	13
Unlisted options	1/7/2027	500,000	1
Unlisted options	9/7/2026	5,500,000	3
Unlisted options	10/1/2025	405,000	1
Unlisted options	13/1/2027	1,300,000	1
Unlisted options	13/1/2027	1,300,000	1
Unlisted options	13/1/2027	1,300,000	1
Unlisted options	23/4/2026	500,000	1
Unlisted options	23/9/2025	1,300,000	1
Unlisted options	25/3/2024	6,000,000	2
Unlisted options	27/11/2025	220,000	1
Unlisted options	28/3/2027	650,000	2
Unlisted options	28/3/2027	650,000	2
Unlisted options	28/3/2027	650,000	2
Unlisted options	31/12/2025	1,226,752	1

## 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.

There are no other classes of equity securities.

### On market buyback

There is no current on-market buy-back and there were no securities purchased on market for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

### Use of Cash Consistent with Business Objectives

The Company has used its cash and assets in a form readily convertible to cash in accordance with its business objectives.

Item 7 of Section 611 (Corporations Act)

There are no securities approved for the purposes of Item 7 which have not yet completed.

## Restricted securities

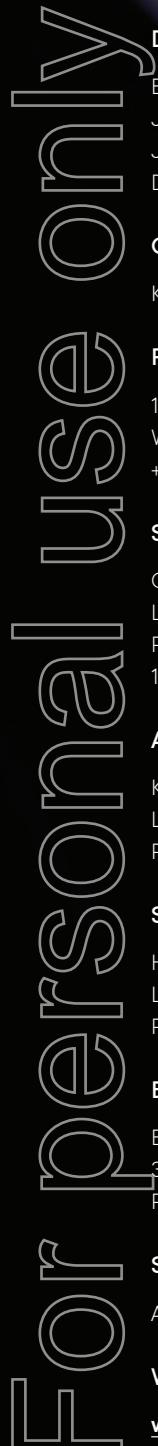
### Ordinary Shares

Type	Expiry date of escrow period	Number of shares on issue
Shares subject to voluntary escrow	26/11/2022	25,168,121
Shares subject to ASX imposed escrow	26/11/2023	15,610,470

### Options

Type	Expiry date of escrow period	Number of options on issue
Options subject to ASX imposed escrow	26/11/2023	12,000,000

# Corporate Directory



## Directors

Bernie Ridgeway – Non-Executive Chairman  
John Barrington – Managing Director  
John Konstantopoulos – Executive Director  
Dr Jacque Sokolov – Non-Executive Director

## Company Secretary

Kevin Hart

## Registered office and principal place of business

1257 Hay Street  
West Perth WA 6005  
+61 8 6478 7816

## Share register

Computershare  
Level 11, 172 St Georges Terrace  
Perth WA 6000  
1300 850 505

## Auditor

KPMG  
Level 8, 235 St Georges Terrace  
Perth WA 6000

## Solicitors

Herbert Smith Freehills  
Level 36, 250 St Georges Terrace  
Perth WA 6000

## Bankers

Bankwest  
300 Murray Street  
Perth WA 6000

## Stock exchange listing

ASX: AYA

## Website

[www.artrya.com](http://www.artrya.com)

## Corporate Governance Statement

[www.artrya.com/corporate-governance/](http://www.artrya.com/corporate-governance/)



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