

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

**ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**



**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

CORPORATE DIRECTORY

DIRECTORS

Mr. Niall Cairns
Mr. Craig Cooper
Mr. Jarrod White
Mr. King Nelson
Ms. Lesa Musatto (appointed 26 April 2022)

JOINT COMPANY SECRETARIES

Mr. Jarrod White
Mr. Nicholas Marshall

CHIEF FINANCIAL OFFICER

Mr. Jarrod White

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 301, Level 3
55 Lime Street
Sydney NSW 2000
Telephone: (02) 9874 8761
Email: info@CardieX.com
Website: www.CardieX.com

SHARE REGISTRY

Automic Pty Ltd
Level 5/126 Phillip St
Sydney NSW 2000
Telephone: (02) 9698 5414
Website: www.automicgroup.com.au

AUDITOR

BDO Audit Pty Ltd
Level 11, 1 Margaret Street
Sydney NSW 2000
Telephone: (02) 9251 4100
Facsimile: (02) 9240 9821
Website: www.bdo.com.au

CORPORATE ACCOUNTANT

Traverse Accountants
Suite 305, Level 3
35 Lime Street
Sydney NSW 2000
Website: www.traverseaccountants.com.au

STOCK EXCHANGE LISTING

CardieX Limited's shares are listed on the Australian Securities Exchange (ASX code: **CDX**).

TABLE OF CONTENTS

Chairman's Report	Page	3
CEO's Report and Overview of Operations	Page	4
Directors' Report	Page	11
Remuneration Report	Page	18
Auditor's Independence Declaration	Page	23
Consolidated Statement of Profit or Loss and Other Comprehensive Income	Page	24
Consolidated Statement of Financial Position	Page	25
Consolidated Statement of Changes in Equity	Page	26
Consolidated Statement of Cash Flows	Page	27
Notes to the Consolidated Financial Statements	Page	28
Directors' Declaration	Page	63
Independent Auditor's Report	Page	64
Shareholder Information	Page	68

Chairman's Report

My Fellow Shareholders,

On behalf of the Board of CardieX Limited, it is my great pleasure to present the Company's Annual Report for the 2022 Financial Year (FY22).

Our focus is to create and own a significant new global health category in "vascular health" with multiple new products on track for launch over the next year - including two "world-first" devices targeting the home health and wearable markets.

The past year has seen the Company achieve significant milestones in executing on our strategic plan. Strong progress has been made in both our traditional ATCOR business as well as in the product development and regulatory approval programs for our new suite of CONNEQT products.

We lodged our first FDA 510(k) application in over 10 years for the CONNEQT App, which has since been classified by the FDA as a 'Medical Device Data System' (MDDS). This enables the Company to proceed with its launch. We also lodged a second 510(k) application for our CONNEQT Pulse "dual blood pressure monitor".

Whilst our ATCOR business had a tough year, it has entered the new financial year with the largest pipeline for clinical trial services and contracts in the history of the Company. We see this business as delivering strong revenue growth to the group in FY23 and look forward to providing updates as we convert the pipeline into sales.

Finally, I would like to thank our loyal shareholders for their continued support and welcome all new shareholders who have joined us in this exciting journey over the last 12 months. We look forward to delivering on the next stage of CardieX's strategic plan, reporting on the progress of our multiple new product launches and growing the business towards greater and sustainable success.

My best regards,

A handwritten signature in black ink that reads "Niall Cairns". The signature is written in a cursive, slightly slanted style.

**Niall Cairns
Executive Chairman
CardieX Limited**

Chief Executive Officer's Report & Overview of Operations

My Fellow Shareholders,

I am pleased to report that CardieX has delivered on all key operational objectives set in 2022 to progress the Company's strategy of becoming a leading multi-platform developer of consumer and medical devices & software/SaaS based healthcare solutions.

We are forecasting another exciting year of continued growth in revenue, expansion of our product portfolio, and development of new markets through new sales channels and strategic partnerships. Importantly, we are also making excellent progress in achieving our mission of making a positive impact on global health outcomes which is fundamental to our vision of "improving humanity through technology".

Going into this next year, I continue to be excited and passionate about the growth opportunity and the disruptive nature of our vision. More detail is provided in my "CEO Overview of Operations" below.

I would like to thank my fellow Board members, management and staff at CardieX who have worked tirelessly to realise our vision as we continue to grow shareholder value.

My best regards,

A handwritten signature in black ink, appearing to read "Craig Cooper".

**Craig Cooper
CEO & Managing Director
CardieX Limited**

CEO Overview of Operations

During FY22, the Company continued to make significant progress on all fronts for both our traditional ATCOR business as well as the product development and regulatory approvals for our new suite of CONNEQT products.

ATCOR continues to focus on devices and solutions for hospitals, research & pharma, and specialist clinician markets while our new brand, CONNEQT, is focused on devices and solutions for home health, remote patient monitoring, and decentralised clinical trials.

Under the CONNEQT brand, the Company is on track to launch multiple new products and devices in FY23. One of these products is the CONNEQT "Pulse" – a world-first dual blood pressure monitor, which will also be the first consumer vital signs monitor to include central blood pressure and ATCOR's patented SphygmoCor® technology. The other major product targeted for release in FY23 is the CONNEQT Band wearable – which will include a full suite of patented heart health parameters as well as a comprehensive ecosystem of unique health and wellness features focused on heart health.

During the year, our partner Mobvoi also successfully launched a world's-first smartwatch featuring advanced heart health features developed by ATCOR, a significant achievement for the Company.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

OPERATIONAL UPDATE

CONNEQT Digital Health and Remote Patient Monitoring Platforms

Since the establishment of the CONNEQT brand and business in April 2021, significant progress has been made in all aspects of the business on the path to becoming a global leader in wearable and home vascular health solutions.

CONNEQT remains focused on devices and solutions for home health, remote patient monitoring and decentralised clinical trials and solutions that seamlessly connect patients and their doctors with the data they require to provide better health treatment and outcomes. The Company is in the process of seeking FDA clearance for these products and digital solutions.

(a) CONNEQT Product Development

During FY22, the Company made significant progress in relation to regulatory approvals that are required for the CONNEQT Pulse Dual Blood Pressure Monitor (Pulse) and CONNEQT Companion App (app).

The app is part of a new digital ecosystem for both consumers and clinicians all based on CardieX subsidiary, ATCOR's FDA-cleared SphygmoCor® technology. The app will integrate with the CONNEQT Pulse device, a new home-based heart health vital signs monitoring system, that measures central blood pressure, arterial waveforms, and multiple other proprietary arterial health parameters based on the existing FDA-cleared SphygmoCor® technology used in the Company's other devices.

Towards the end of June, a US FDA 510(k) clearance submission for the CONNEQT Pulse was made in conjunction with our manufacturing partner, Andon, who are responsible for FDA lodgement – representing a significant milestone for the Company.

Subject to final FDA clearance, Pulse will be the first arterial health monitor to incorporate a full suite of patented and trademarked heart and vascular health parameters beyond traditional blood pressure focused on our specific target markets.

Pulse will integrate with the app to provide medical-grade health insights into a unique and world-first suite of arterial health features – enabling consumers and patients to make more informed decisions about their health. Pulse also features cloud-based remote patient monitoring, patient record sharing, and health coaching features.

Towards the end of the financial year, the Company also reported the FDA classification of the app as a "Medical Device Data System" (MDDS), enabling the Company to proceed with its launch upon FDA clearance of the Pulse.

The app forms the hub of CONNEQT's device ecosystem and will also have the ability in the future to pair with the CONNEQT Band, a smart wearable also featuring a range of patented health and wellness features focused on heart and arterial health, including a world's first blood pressure monitoring PPG sensor powered by ATCOR's SphygmoCor® technology.

The Company has received its first round of comments on its clearance submission for Pulse from the FDA and has responded to those questions. We anticipate 510(k) clearance for the Pulse late 2022 in advance of our participation and exhibition at the Consumer Electronics Show (CES) in January 2023 where we plan to formally launch the product.

(b) CONNEQT Band (Band)

During FY22, CardieX's consumer subsidiary, CONNEQT, Inc (CONNEQT), entered into a manufacturing & development partnership agreement with Fenda Technology Co., Ltd (Fenda), a leading Chinese wireless solutions provider and manufacturer of smart wearable products. The Company also announced a strategic collaboration agreement with LifeQ, Inc (LifeQ), a world- leading provider of biometrics and health information metrics for wearable devices. Fenda will be responsible for the co-development and manufacture of the Band whereas LifeQ will be responsible for the non-medical grade consumer health parameters that will be incorporated into the device.

Since the announcement of our strategic relationships with Fenda and LifeQ, significant progress has been made on the development of the Band. To accelerate these development efforts, the Company recently announced the establishment of "CONNEQT Labs", a partnership between CONNEQT, Macquarie University, and other global institutions – to be jointly located in Sydney CBD and at the Macquarie University campus.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

OPERATIONAL UPDATE

CONNQ T Labs is the epicentre of our development and validation protocols for the Band and is comprised of some of the leading global authorities in cuffless blood pressure monitoring, led by our own Chief Science & Research Officer, Dr. Ahmad Qasem.

CONNQ T Labs positions us to have a meaningful impact on the world's largest health disorder – cardiovascular disease – and to be a leader in the development of novel solutions for identifying and managing patients at risk for multiple other disorders including preeclampsia, Alzheimer's, kidney disease, and stroke risk.

Upon launch, the Band will be the first-to-market smart wearable to feature a full suite of patented health and wellness features focused on heart and arterial health, including a first-in-kind blood pressure monitoring PPG sensor powered by ATCOR's patented SphygmoCor® technology.



ATCOR

Our ATCOR clinical trial business unit remains strong and continues to generate consistent revenue for the group. ATCOR contracts with pharmaceutical companies for the use of SphygmoCor® XCEL devices and the provision of core lab and data management services for clinical trials — providing end-to-end service that ultimately delivers clean datasets to study sponsors.

The ATCOR business is largely dependent on the timing of clinical trials, some of which have been impacted and delayed over the course of the year due to the lack of patients and issues surrounding the COVID-19 pandemic. Despite delays, the Company continued to progress clinical trials, releasing a number of important announcements over the course of the year.

(a) ATCOR Clinical Trial Contracts

In FY22, our clinical trial services market continued to expand and remained the focus of our ATCOR business development efforts.

In October 2021, Bayer AG and CardieX entered into a new Amended Agreement for both the lease of ATCOR devices and the provision of expanded data management services for Bayer's 'CONCORD' clinical trial that is being conducted in patients with chronic diseases - diabetes and/or hypertension.

This latest increase in the Concord trial brings that the total contract value to in excess of \$US2m (AU\$2.76m). The CONCORD trial now has ATCOR technology being used at 84 sites across 13 counties for this contract alone.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

OPERATIONAL UPDATE

In February 2022, CardieX announced that its subsidiary, ATCOR, had entered into a new global Clinical Trial Services Agreement (“the Agreement”) with Andwin Scientific for both the lease of ATCOR XCEL devices and the provision of data management services for a new global clinical trial sponsored by Philip Morris.

The total revenue for the Agreement is likely to be ~US\$936,000 (~AU\$1,300,000) over a 19-month period with the majority having been recognised in FY22. Currently, the study is for 19 months across 22 sites. Results and any extension in the length of the trial or expansion in the number of sites will be beneficial to CardieX and will result in an increase in services and revenue.

The Company also announced a search to recruit a new “Head of Clinical Trial Services” to lead the expansion of what we believe will be a significant revenue generator for the Company going forward – especially with the launch of the Pulse device which provides a full decentralized clinical trial solution for our traditional Pharma partners such as Bayer, Novartis, AstraZeneca, GSK, and others.

Our current (in negotiation) pipeline for clinical trials is over \$USD7.2m, the largest pipeline for clinical trial contract services in the history of the Company.

(b) Other ATCOR Corporate Activity

Separate to our clinical trial efforts the Company has also been aggressively pursuing multiple other business development opportunities for the licensing of its SphygmoCor® technology to third-party medical device companies. We anticipate an announcement regarding the first of these new efforts shortly.

Multiple trade shows and other events have also been scheduled for the ATCOR sales team in FY23.

Mobvoi Product Launch Update

In March 2022, following a two-year commercial partnership, Mobvoi, a leading global consumer electronics and enterprise AI developer, successfully launched the world’s first heart health monitoring smartwatch based on CardieX subsidiary, ATCOR’s FDA-cleared SphygmoCor® technology.

The TicWatch GTH Pro smartwatch includes ATCOR’s proprietary Arty™ Heart Health analytics platform, which is an advanced heart and arterial health management platform. The device gives users insight into their overall wellness and cardiovascular health via ‘Arty Heart Health powered by ATCOR’ and Mobvoi’s own smartwatch metrics.

Significantly for the Company, the TicWatch GTH Pro represents the first commercial implementation of ATCOR’s proprietary heart monitoring technology in a wearable device.

The TicWatch GTH Pro was launched on 1 March 2022 via Mobvoi.com, Amazon, and GTHPro.com for customers in the United States. Online ordering has also been available for customers from Australia and New Zealand on Amazon and Mobvoi.com.

Towards the end of the financial year, Mobvoi expanded the sale of the GTH Pro to the United Kingdom and Canada. This new expanded release by Mobvoi into additional markets is strong validation for the product and its success to date.

Since the initial limited market release of the GTH Pro this financial year, positive customer reviews and feedback have been received on the Amazon website in both the United States and Australia, with the product achieving a solid “4-star +” rating as at June quarter.

Finally, the Company also collaborated with Mobvoi to successfully launch the first software update to the Company’s “Arty Heart Health Platform” that powers the arterial health insights features on the GTH Pro.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

OPERATIONAL UPDATE

Launched March, 2022

Mobvoi TicWatch GTH Pro with CardieX "Dual-Sensor" Technology*

TicWatch GTH Pro is the first smartwatch in the world to feature the Arty Heart Health analytics platform, incorporating Arty® Score, eCAP® (Exercise Capacity®), ArtyAge™, HSX™ (Heart Stress Index), and TruHR®.

* Licensing of Arty® Consumer Biometrics & Technology to Google-Backed Mobvoi

Tech Guide
"Mobvoi TicWatch GTH Pro can give you precise insights into your heart health"

digitaltrends
"No watch goes to the lengths to detect heart and arterial health that the Mobvoi TicWatch GTH Pro does."

androidcentral
"The one-of-a-kind cardiovascular health features make this a compelling fitness tracker."

amazon

COVID-19 Update on Operations

Like all global companies, CardieX has continued to feel the impacts of the COVID-19 pandemic; however, we have continued to achieve significant milestones for the business in FY22. The Company's management and staff have seamlessly converted to communicating via digital channels, with some office locations able to migrate back to the office while upholding appropriate safety protocols. Travel restrictions to China have impacted new product and device launches, creating initial delays in obtaining sample and test units, but the team is largely on target to release its new suite of devices to market in FY23.

Board Appointments

The Company announced expansion of the senior executive team with the appointment of US-based Non-Executive Director, Lesa Musatto, to its Board of Directors.

With the Company's recent expansion into the consumer space through subsidiary CONNEQT, CardieX is thrilled to have Lesa join the board and bring valuable, hands-on insight to our medical and consumer device strategies as we prepare to launch multiple new products.

Corporate Update

(a) NAM R&D Loan Facility

During the year, the Company repaid the outstanding balance of its \$1.04 million loan facility with Mitchell Asset Management Pty Ltd ("MAM"). This included the repayment of \$594k in December 2021, with the balance of the facility paid in the March 2022 quarter following the receipt of proceeds from the Company's 2021 R&D Tax Incentive of ~\$480,000.

Following the repayment of the outstanding balance owed to MAM, the Company was able to renegotiate terms for an extension of the facility terms which has provided for a new drawdown by the Company, allowing it to access a total of \$1,294,125 as a prepayment of forecasted R&D tax incentive claim for the year ended 30 June 2022.

As per the preceding loan arrangement with MAM, the use of funds from the facility funds will be utilised to continue R&D programs and for working capital, which allows CardieX to fully commit to its previously announced product development initiatives without the need for immediate further equity capital or dilution to existing shareholders.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

OPERATIONAL UPDATE

(b) Placement and SPP

Subsequent to the end of FY22, CardieX successfully completed a placement of 14,433,337 new fully paid ordinary shares in the Company raising \$4.33 million at an issue price of \$0.30 per share with a 1 for 3 free attaching unlisted option, exercisable at \$0.45, and expiring one year from the date of issue.

In addition to the placement, CardieX announced a share purchase plan (SPP) offering existing shareholders an opportunity to apply for up to \$30,000 of new shares in the Company at \$0.30 per share. The Company received applications for fully paid ordinary shares from eligible shareholders under the SPP at an issue price of \$0.30 per share in the amount of \$1.6 million (before costs) representing a 59.3% over-subscription over the originally targeted raise of \$1.0 million. The Company elected to accept the full \$1.6 million of valid applications.

Funds raised from the Placement and SPP will primarily be used to support and accelerate new product initiatives related to the Company's CONNEQT subsidiary as well as corporate initiatives in the USA.

As at 30 June 2022, the Company had a cash balance of AU\$1.46 million.

In November 2021, the Company reported the results of its listed options (**ASX:CDXO** - \$0.05 exercise price, November 2021 expiry). Of the 127,675,656 listed CDXO Options and 37,500,000 unlisted options on issue, being a total of 165,175,656 November Options, 153,330,197 were fully exercised by November Option holders, raising a total of \$7,666,510 representing a conversion of 92.82%.

In addition, the Company advised that C2 Ventures Pty Ltd ("C2V"), an entity jointly controlled by Craig Cooper (CEO), and Niall Cairns (Chairman), had exercised 2,420,455 listed CDXO Options and 37,500,000 unlisted Options at \$0.05, representing a \$1,996,023 contribution of working capital of CardieX.

Importantly, all directors exercised all of their Options available for conversion taking total board participation inclusive of C2V beyond \$2,000,000 of the total November Options exercised.

The funds raised through the exercise of Options are being used to accelerate the Company's strategic vision, including new product development and go-to-market strategy, partnerships, FDA clearances, and other strategic initiatives across its medical and new consumer device divisions.

(c) USA Listing

In January 2022, the Company announced that it had commenced the process to apply for an OTCQX quotation on the OTC Markets in the US.

The Board subsequently decided to focus their efforts on progressing a dual ASX/ NASDAQ or NYSE listing rather than pursuing a "quotation" of the ASX shares on the OTC market. The rationale for this strategy is as follows:

- It broadens our investor base to include investors in one of the major global capital markets;
- It enables us to better attract strategic and institutional investors otherwise unable to invest in offshore securities on non-USA exchanges;
- It enhances our visibility and global presence among investors, consumers, and customers - especially in the single biggest market for our products and services;
- It provides us with a way to better compensate and attract U.S. employees - particularly given the competition for engineering talent;
- It increases liquidity of our shares by attracting new investors looking for exposure to our sector - especially given the valuations of other health-tech/wearable companies based in the USA that have significantly greater valuation comps.
- It can facilitate merger and acquisition activity by creating a desirable stock-swap "acquisition currency"; and
- It enables us to have better communication with all our shareholders globally.

The Company and its advisory team have made significant progress over the year to achieve this key corporate objective.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

OPERATIONAL UPDATE

(d) Share Consolidation

On 16 February 2022, there was a share consolidation of the issued capital of the Company on the basis of one (1) security for every ten (10) securities held. Where the consolidation resulted in a fraction of a Share, Performance Right or Option being held, the Company rounded that fraction up to the next whole number. The FY21 number of equity instruments have been adjusted throughout the financial statements for the share consolidation to ensure the numbers are comparable.

Outlook

Throughout FY22 we continued to achieve a number of significant milestones which has positioned the Company for major new product launches in FY23. These product launches will significantly expand the commercial opportunities for the Company into multiple new markets and sales channels.

Finally, based on the strong growth we are seeing in all market segments and with the addition of new product launches, our internal sales target for FY23 is for a significant increase over our FY22 results.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

DIRECTORS' REPORT

The Directors of CardieX Limited (the “**Company**”) submit the financial report of the Company for the year ended 30 June 2022, which comprises the results of CardieX Limited and the entities it controlled during the period (the “**Group**”).

Review of Operations

The loss for the Group after income tax amounted to \$11,809,634 (30 June 2021 \$5,180,098).

The Group has generated total revenue of \$4,499,562, down 14% from \$5,257,624 in the previous year.

Please refer to the operational update on page 4 for further information.

Principal Activities

During the year the principal continuing activities of the Group consisted of designing, manufacturing and marketing medical devices for use in cardiovascular health management.

Going Concern

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

At the date of signing, the Directors have assessed that there is a material uncertainty related to going concern that may cast significant doubt over the ability of the Group to continue as a going concern given that the Group incurred a loss after tax of \$11,809,634 (2021: \$5,180,098), had net cash outflows from operating activities of \$9,150,712 for the year ended 30 June 2022 (2021: \$3,989,135) and had a net current liability position as at year-end of \$285,915 (2021: net asset position of \$7,457,455). As a result of these conditions the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that there are reasonable grounds that the Group will be able to continue as a going concern, after consideration of the following factors:

- On 22 August 2022, CardieX announced that it had completed a \$4.33m placement, as well as the launch of a share purchase plan (SPP) where proceeds exceeded the target of \$1m;
- On 29 September 2022, the Company announced the results of the SPP and raised \$1.6m – this represents a 59.3% over-subscription over the originally targeted raise of \$1.0 million;
- The Company is in the process of progressing a dual ASX/NASDAQ or NYSE listing, and if successful, this would raise significant equity funding for the Company, along with improving the Company’s options with regards to equity raising;
- If required, the Group has the ability to continue to raise additional funds on a timely basis pursuant to the Corporations Act 2001. The Group has a strong track record of successful equity funding in the preceding financial years. The Directors have no reason to believe that it will not be able to continue to source equity or alternative funding if required.
- There is a term loan facility of \$1,297,505 repayable in October 2022, however this will be partially offset by R&D tax rebates expected in the same month. The Group are also currently reviewing options to extend or refinance the facility.

Accordingly, the Directors believe that the Group will be able to continue as a going concern, and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Dividends

No dividends were paid or declared by the Group since the end of the previous financial year and the Directors do not recommend dividends be paid for the year ended 30 June 2022.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

DIRECTORS' REPORT (CONT.)

Likely Developments and Expected Results of Operations

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Matters Subsequent to Year End

Subsequent to the balance date the Group announced the following material events:

- On 29 July 2022, CardieX announced that it has changed its provider for shareholder registry services from Link Market Services to Automic Pty Ltd.
- On 22 August 2022, CardieX announced that it had completed a \$4.33m placement.
- On 26 August 2022, CardieX announced the launch of a share purchase plan (SPP), with a target of \$1m to be raised.
- On 28 September 2022, CardieX announced the successful completion of its SPP, which closed on 26 September 2022. The Company received applications for fully paid ordinary shares (Shares) from eligible shareholders (which included Directors) under the SPP at an issue price of \$0.30 per share in the amount of \$1.593 million (before costs) representing a 59.3% over-subscription over the originally targeted raise of \$1.0 million.
- As disclosed in the SPP Offer Booklet (refer ASX release 26 August 2022), the Company reserved the right to conduct either a scale-back of over-subscriptions above the targeted of \$1.0 million, or to accept over-subscriptions above the target. In response to the strong demand from shareholders, the Company has elected to accept the full \$1.593 million of valid applications including the \$593,000 in oversubscriptions and therefore not conduct any scale-back

No other significant subsequent event has arisen that significantly affects the operations of the Group.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

DIRECTORS' REPORT (CONT.)

Directors

The following persons held office as Directors of CardieX Limited at any time during or since the end of the financial year:

Mr. Niall Cairns – Executive Chairman and Director
Mr. Craig Cooper – Executive Director, Chief Executive Director
Mr. Jarrod White – Executive Director
Mr. King Nelson – Non-Executive Director
Ms. Lesa Musatto – Non-Executive Director (appointed 26 April 2022)

Joint Company Secretaries

Mr. Jarrod White
Mr. Nicholas Marshall

Chief Financial Officer

Mr. Jarrod White

Information on Directors

**Mr. Niall Cairns
Executive Chairman and Director**

Qualifications:

B.Ec, CA and FAICD

Appointed:

20 December 2017, appointed Chairman on 27 February 2019

Experience and expertise:

Mr. Cairns is a Sydney based technology growth company director and investor with over 25 years of track record of value creation, restructuring, and exits in both listed and unlisted companies. As a founding partner of Nanyang Ventures, Kestrel Capital and C2 Ventures, Niall has managed significant institutional and private capital, whilst raising capital for and driving the global growth of over 50 companies in sectors as diverse as Agtech, Medtech, digital and SaaS based businesses. These have included Tru-Test Corporation, Intrapower, Gale Pacific (AVCAL Award winner) and Australian Helicopters. Niall is currently the Non-Executive Chairman of Tambla Limited and the St Andrews College Foundation.

Other current directorships:

Consolidated Financial Holdings Limited, Kestrel Capital, Kestrel Growth Companies Limited, DTS Limited, Listing Logic Limited, Harri LLC, St Andrews College Foundation and Tambla Limited.

Former directorships (last 3 years):

Tru-Test Corporation Limited.

Special responsibilities:

- Chairman of the Board.
- Chairman of the audit and risk committee.
- Member of remuneration and nomination committee.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

DIRECTORS' REPORT (CONT.)

**Mr. Craig Cooper
Executive Director, Chief Executive Officer**

Qualifications: B.Ec, LLB (Hons)
Appointed: 1 December 2017

Experience and expertise: Mr. Cooper was appointed as Chief Executive Officer effective 1 December 2017. Mr Cooper has founded multiple successful health, digital media, technology, and wellness businesses – and was also the co-founder of the telecommunications company Boost Mobile - one of the leading mobile phone businesses in the USA. He is recognised as a global expert and thought leader in mobile and wireless technology as well as digital health and med-tech-related businesses. His venture capital funds have raised over A\$1 billion in capital and have funded some of the most significant global digital media technology companies including BuzzFeed and The Huffington Post.

Other current directorships: None.
Former directorships (last 3 years): None.
Special responsibilities: None.

**Mr. Jarrod White
Executive Director**

Qualifications: B.Bus, CA, CTA
Appointed: 21 May 2020

Experience and expertise: Mr. White is a Chartered Accountant and founding Director of Traverse Accountants Pty Ltd, a Corporate Advisory and Chartered Accounting Firm. In conjunction with his Corporate Advisory roles at Traverse Mr. White has been appointed Company Secretary and Chief Financial Officer of several other listed entities that operate on the Australian Stock Exchange and has a sound knowledge of corporate governance and compliance. Jarrod has also been an advisor to a wide range of capital raisings, IPO's and reverse takeover transactions and has a focus on working with growing Companies in the exploration, technology and biotech space.

Other current directorships: None.
Former directorships (last 3 years): High Peak Royalties Limited (ASX.HPR)
Special responsibilities: None.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

DIRECTORS' REPORT (CONT.)

**Mr. King Nelson
Non-Executive Director**

Qualifications: BA, MBA
Appointed: 13 November 2015

Experience and expertise: Mr. King was elected to the Board in November 2015. He brings more than 30 years of diverse experience and expertise with medical devices. He is a former President and CEO of Uptake Medical Corporation, a company focused on treatments for emphysema and lung cancer. Previously, he served as president and CEO of Kerberos Proximal Solutions, which was acquired by FoxHollow Technologies, and as president and CEO of VenPro, a heart valve business acquired by Medtronic. Both these companies specialized in devices for the cardiovascular system. Prior to that, he spent 19 years with Baxter International and American Hospital Supply Corporation in roles of increasing responsibility that included division president for Dade Diagnostics, Bentley Labs, and Baxter's Perfusion Services. King is also currently CEO of Q'Apel Medical – a medical device company focused on Neurovascular disease

Other current directorships: None.
Former directorships (last 3 years): Uptake Medical Corporation
Special responsibilities:

- Chairman of remuneration and nomination committee.
- Member of audit and risk committee.

**Ms. Lesa Musatto
Non-Executive Director**

Appointed: 26 April 2022

Experience and expertise: Ms. Musatto serves as the Chief Marketing Officer at Auction Technology Group (LSE:ATG), after being in multiple executive and marketing strategy roles for companies ranging from large corporations to start-ups. Her ability to execute successful marketing campaigns has allowed her to take on roles in different industries – from consumer retail experience with Levi Strauss, Gap, Inc. and Safeway to health tech experience with Nuelle and more recently with ATG – a leading publicly listed exchange and marketplace technology platform.

Other current directorships: None.
Former directorships (last 3 years): None.
Special responsibilities: None.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

DIRECTORS' REPORT (CONT.)

Meetings of Directors

The number of meetings of the Group's Board of Directors and of each Board Committee held during the financial year ended 30 June 2022 and the number of meetings attended by each Director were:

Director	Directors Meetings	
	Held Whilst in Office	Attended
Niall Cairns	4	4
Craig Cooper	4	4
Jarrold White	4	4
King Nelson	4	4
Lesa Musatto	-	-

Directors' Interests

Information on the Directors' and their associates' interests in shares and options of the Company at 30 June 2022 can be found in the Remuneration Report on page 18.

Shares Issued on the Exercise of Options

During the financial year ended 30 June 2022, 80,238,638 shares were issued to Directors on the exercise of options, see the Remuneration Report for more detail.

Environmental Regulations

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnity and Insurance of Directors and Officers

During the financial year the Group paid premiums in respect of a contract insuring Directors and Executives against a liability incurred in the ordinary course of business.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Corporate Governance Statement

A copy of the Corporate Governance Statement has not been disclosed within the Annual Report but is available on the website <http://www.CardieX.com> in accordance with the ASX Listing Rule 4.10.3.

Declaration by Directors

Before it approved the Company's 2022 financial statements, the Board was satisfied that the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Non-audit Services

The Directors received the Auditor's Independence Declaration under s.307 of the *Corporations Act 2001*, which is set out on page 23. The external auditor did not provide non-audit services to the Company during the year ended 30 June 2022.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

DIRECTORS' REPORT (CONT.)

Indemnity and insurance of auditor

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

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

Officers of the Company who are former partners of BDO

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 23.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for Directors and executives of CardieX Limited. The information in this report has been audited as required by 308(3C) of the Corporations Act 2001.

Principles used to determine the nature and amount of remuneration

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board also refers to external surveys to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors are entitled to receive share options, following approval by the shareholders of CardieX Limited.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The pool was increased to \$500,000 at the 2021 shareholder meeting, excluding share-based payments that are subject to separate shareholder approval.

Executives

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

Alignment to shareholders' interests:

- has Company growth as a core component of plan design;
- focuses on sustained long-term growth in shareholder wealth; and
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in Company value;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

Details of the nature and amount of each element of the emoluments of each Director of CardieX Limited are set out below.

Directors

Names and positions held of key management personnel in office at any time during the financial year are:

Mr. Niall Cairns	Executive Director and Chairman
Mr. Craig Cooper	CEO and Executive Director
Mr. King Nelson	Non-executive Director
Mr. Jarrod White	Executive Director
Ms. Lesa Musatto	Non-executive Director

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

REMUNERATION REPORT (CONT.)

Key Management Personnel Compensation

	Salary and directors fees	Share Based Payment Benefits	Total
	\$	\$	\$
2022			
Niall Cairns	260,000	499,325	759,325
Craig Cooper	716,421	499,325	1,215,746
King Nelson	55,915	30,845	86,760
Jarrold White	116,500	187,489	303,989
Lesa Musatto	-	-	-
Total Compensation	1,148,836	1,216,984	2,365,820
2021			
Niall Cairns	204,000	247,611	451,611
Craig Cooper	528,953	545,759	1,074,712
King Nelson	36,697	15,295	51,992
Jarrold White	102,000	96,507	198,507
Total Compensation	871,650	905,172	1,776,822

Shares Held by Key Management Personnel and Their Associates

	Balance 01 July 2021	Additions	Share consolidation	Balance 30 June 2022
Niall Cairns	181,842,010	53,751,922 ¹	(212,034,538)	23,559,394
Craig Cooper	177,242,010	53,751,922 ¹	(207,894,538)	23,099,394
King Nelson	153,846	-	(138,461)	15,385
Jarrold White	4,857,577	907,933	(5,188,559)	576,951
Lesa Musatto	-	-	-	-
Total	364,095,443	108,411,777	(425,256,096)	47,251,124

1. A total of 47,751,922 pre consolidated shares acquired by Mr Cairns and Mr Cooper in the year are indirectly held by C2 Ventures, in which Mr Cairns and Mr Cooper are directors. These shares are subject to the Restriction Agreement and Deed of Undertaking as approved by members at the Extraordinary General Meeting held on 28 May 2018.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

REMUNERATION REPORT (CONT.)

Shares Held by Key Management Personnel and Their Associates (Cont.)

	Balance 01 July 2020	Additions	Balance 30 June 2021
Niall Cairns	161,960,192	19,881,818 ¹	181,842,010
Craig Cooper	158,960,192	18,281,818 ¹	177,242,010
King Nelson	153,846	-	153,846
Jarrold White	3,257,577	1,600,000	4,857,577
Total	324,331,807	39,763,636	364,095,443

1. A total of 18,281,818 pre consolidated shares acquired by Mr Cairns and Mr Cooper in the year are indirectly held by C2 Ventures, in which Mr Cairns and Mr Cooper are directors. These shares are subject to the Restriction Agreement and Deed of Undertaking as approved by members at the Extraordinary General Meeting held on 28 May 2018.

Options Held by Key Management Personnel and Their Associates

	Balance 01 July 2021	Exercised	Transferred	Share consolidation	Balance 30 June 2022
Niall Cairns	43,420,455	(39,920,455)	(2,000,000)	(1,350,000)	150,000 ²
Craig Cooper	43,420,455	(39,920,455)	(2,000,000)	(1,350,000)	150,000 ²
King Nelson	1,500,000	-	-	(1,350,000)	150,000
Jarrold White	1,897,728	(397,728)	-	(1,350,000)	150,000
Lesa Musatto	-	-	-	-	-
Total	90,238,638	(80,238,638)	(4,000,000)	(5,400,000)	600,000

2. Directors Mr Cairns and Mr Cooper hold 150,000 options indirectly through C2 Ventures Pty Limited, of which they are both directors.

	Balance 01 July 2020	Expired	Additions	Balance 30 June 2021
Niall Cairns	39,000,000	-	4,420,455	43,420,455 ³
Craig Cooper	39,000,000	-	4,420,455	43,420,455 ³
King Nelson	1,500,000	-	-	1,500,000
Jarrold White	1,897,728	-	-	1,897,728
Total	81,397,728	-	8,840,910	90,238,638

3. Directors Mr Cairns and Mr Cooper hold 41,920,455 options indirectly through C2 Ventures Pty Limited, of which they are both directors.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

REMUNERATION REPORT (CONT.)

Performance Rights Held by Key Management Personnel and Their Associates

On 11 December 2020 shareholders approved the issue of performance rights to be issued to the Directors under the Company's Performance Rights and Option Plan. These performance rights total 160,500,000 and expire on 11 December 2023. The terms of the Director rights on issue are as follows:

Tranche	Number of performance rights	Will vest if share price trade at or above:	Expiry Date of Performance Milestone
Tranche 1	1,100,000	\$0.12	11/12/2023
Tranche 2	1,100,000	\$0.15	11/12/2023
Tranche 3	2,450,000	\$0.20	11/12/2023
Tranche 4	5,700,000	\$0.25	11/12/2023
Tranche 5	5,700,000	\$0.50	11/12/2023

	Balance 01 July 2021	Converted	Expired	Share consolidation	Balance 30 June 2022
Niall Cairns	68,000,000	-	-	(61,200,000)	6,800,000
Craig Cooper	104,000,000	(12,000,000)	(24,000,000)	(61,200,000)	6,800,000
King Nelson	3,500,000	-	-	(3,150,000)	350,000
Jarrold White	21,000,000	-	-	(18,900,000)	2,100,000
Lesa Musatto	-	-	-	-	-
Total	196,500,000	(12,000,000)	(24,000,000)	(144,450,000)	16,050,000

	Balance 01 July 2020	Expired	Additions	Balance 30 June 2021
Niall Cairns	-	-	68,000,000	68,000,000
Craig Cooper	36,000,000	-	68,000,000	104,000,000
King Nelson	-	-	3,500,000	3,500,000
Jarrold White	-	-	21,000,000	21,000,000
Total	36,000,000	-	160,500,000	196,500,000

Employment Agreements

Remuneration and other terms of employment for the CEO and the other key management personnel are formalised in employment agreements. Each of these agreements provide for the provision of performance related cash bonuses, other benefits including health insurance and car allowances, and participation, when eligible, in the CardieX Limited Employee Share Option Plan. Other major provisions of the agreements relating to remuneration are set out below.

All contracts with executives may be terminated early by either party with variable notice periods, subject to termination payments as detailed below.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

REMUNERATION REPORT (CONT.)

Craig Cooper – Chief Executive Officer

- Agreement commenced on 1 December 2017.
- Base salary of US\$420,000 per annum.
- Bonuses to be paid at discretion of the Group based on performance reviews.
- Reimbursement for reasonable expenses incurred in running the US business, paid on a monthly basis.

Niall Cairns – Executive Chairman and Director

- Current agreement commenced with an effective date of 1 August 2019.
- Monthly consulting fee for strategic review and consulting services of AU\$25,000 per month.
- Reimbursement for reasonable expenses incurred.

King Nelson – Non-Executive Director

- Current agreement commenced with an effective date of 13 November 2015.
- Base salary of US\$50,000 per annum.

Jarrold White – Director

- Jarrold White is the principal of Traverse Accountants Pty Ltd, who holds an engagement with the Group covering CFO services, Company Secretarial services, and other general accountancy services.
- Mr. White received Directors Fees of \$35,000 in shares for this reporting year in addition to the arms' length services paid to Traverse Accountants Pty Ltd.

Lesia Musatto – Non-Executive Director

- Lesia Musatto is remunerated in options for her services as Non-Executive Director.

Loans to Directors and Key Management Personnel

There were no loans made to directors or key management personnel of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

Signed in accordance with a resolution of the Board of Directors, made pursuant to s298(2) of the *Corporations Act 2001*.



**Niall Cairns
Executive Chairman
Sydney, 30 September 2022**

DECLARATION OF INDEPENDENCE BY GRANT SAXON TO THE DIRECTORS OF CARDIEX LIMITED

As lead auditor of CardieX Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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



Grant Saxon
Director

BDO Audit Pty Ltd

Sydney

30 September 2022

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 (restated) \$
Sales revenue	3	4,066,982	5,001,134
Other revenue	3	432,580	256,490
		<u>4,499,562</u>	<u>5,257,624</u>
Other income	4	671,048	839,647
Total income		<u>5,170,610</u>	<u>6,097,271</u>
Cost of sales		(1,006,703)	(905,282)
Provision for doubtful debts	10	(373)	(41,911)
Marketing and sales expense		(1,540,278)	(182,167)
Product development and regulatory expense		(2,376,723)	(918,112)
Occupancy expense		(341,339)	(294,658)
Employee benefits expense		(9,769,755)	(6,628,530)
Administration expense		(1,738,425)	(1,498,018)
Interest expense		(227,945)	(268,384)
Foreign exchange gain / (loss)		296,307	(484,452)
Fair value loss		(275,010)	(55,855)
Loss before income tax expense		<u>(11,809,634)</u>	<u>(5,180,098)</u>
Income tax expense	6	-	-
Loss attributable to members of the parent entity		<u>(11,809,634)</u>	<u>(5,180,098)</u>
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations		(20,247)	87,036
Total comprehensive loss for the period		<u>(11,829,881)</u>	<u>(5,093,062)</u>
Basic loss per share (cents)	8	(11.5)	(5.9)
Diluted loss per share (cents)	8	(11.5)	(5.9)

These financial statements should be read in conjunction with the accompanying notes.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022 \$	2021 (restated) \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	1,455,590	3,665,259
Trade and other receivables	10	813,138	555,504
Inventory	11	994,774	444,226
Financial assets	18	-	4,937,483
Other current assets	12	1,566,218	1,100,304
TOTAL CURRENT ASSETS		4,829,720	10,702,776
NON-CURRENT ASSETS			
Property, plant and equipment	14	1,069,790	352,068
Intangible assets		320,885	331,577
Financial assets	18	6,080,309	642,392
Other non-current assets	12	77,160	32,150
TOTAL NON-CURRENT ASSETS		7,548,144	1,358,187
TOTAL ASSETS		12,377,864	12,060,963
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	2,224,631	1,074,799
Unearned revenue	16	877,312	430,181
Provisions	17	526,538	404,793
Financial liabilities	20	66,778	275,209
Lease liabilities	21	122,871	70,616
Borrowings	22	1,297,505	989,723
TOTAL CURRENT LIABILITIES		5,115,635	3,245,321
NON-CURRENT LIABILITIES			
Provisions	17	1,824	218
Lease liabilities	21	649,092	108,292
TOTAL NON-CURRENT LIABILITIES		650,916	108,510
TOTAL LIABILITIES		5,766,551	3,353,831
NET ASSETS		6,611,313	8,707,132
EQUITY			
Contributed equity	23(a)	67,552,468	59,286,666
Reserves	24	3,925,422	3,086,032
Accumulated losses	26	(64,866,577)	(53,665,566)
TOTAL EQUITY		6,611,313	8,707,132

These financial statements should be read in conjunction with the accompanying notes.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2022

	Note	Shares on Issue \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2020		53,127,941	1,969,548	(49,217,488)	5,880,001
Restatement of retained earnings	2	-	-	431,284	431,284
Restated total equity at the beginning of the financial year		53,127,941	1,969,548	(48,786,204)	6,311,285
Loss for the year		-	-	(5,180,098)	(5,180,098)
Other comprehensive income		-	87,036	-	87,036
Total comprehensive income for the year		-	87,036	(5,180,098)	(5093,062)
Transactions with equity holders in their capacity as owners					
Capital placement	23(a)	6,385,478	-	-	6,385,478
Share issue costs	23(a)	(333,405)	-	-	(333,405)
Shares issued in lieu of payments to employees	23(a)	106,652	-	-	106,652
Performance rights vesting expense	23(b)	-	898,020	-	898,020
Options vesting expense	23(c)	-	432,164	-	432,164
Options expired	23(c)	-	(300,736)	300,736	-
Balance at 30 June 2021		59,286,666	3,086,032	(53,665,566)	8,707,132
Balance at 1 July 2021		59,286,666	3,086,032	(53,665,566)	8,707,132
Loss for the year		-	-	(11,809,634)	(11,809,634)
Other comprehensive income		-	(20,247)	-	(20,247)
Total comprehensive income for the year		-	(20,247)	(11,809,634)	(11,829,881)
Transactions with equity holders in their capacity as owners					
Shares issued on conversion of options	23(a)	7,602,431	-	-	7,602,431
Performance rights converted to shares	23(c)	422,557	(422,557)	-	-
Conversion of convertible notes	20	270,663	(35,719)	-	234,944
Shares issued in lieu of payments to employees	23(a)	118,965	-	-	118,965
Performance rights vesting expense	23(b)	-	1,432,148	-	1,432,148
Options vesting expense	23(c)	-	494,388	-	494,388
Share issue costs	23(a)	(148,814)	-	-	(148,814)
Performance rights expired	23(b)	-	(573,032)	573,032	-
Transfer to retained earnings	23(b)	-	(35,591)	35,591	-
Balance at 30 June 2022		67,552,468	3,925,422	(64,866,577)	6,611,313

These financial statements should be read in conjunction with the accompanying notes.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,291,582	4,511,959
Payments to suppliers and employees		<u>(13,911,521)</u>	<u>(9,024,602)</u>
		(9,619,939)	(4,512,643)
Receipt for R&D tax incentives		468,927	522,779
Interest received		<u>300</u>	<u>729</u>
Net cash used in operating activities	27	<u>(9,150,712)</u>	<u>(3,989,135)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment		(420,986)	(71,184)
Payments for intangible assets		(17,070)	(287,155)
Repayment of convertible notes		-	721,500
Net cash (used in)/from investing activities		<u>(438,056)</u>	<u>363,161</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued	23(a)	7,602,431	6,385,478
Share issue costs	23(a)	(148,814)	(333,405)
Borrowings received, net of transaction costs	22	1,199,285	13,750
Borrowings repaid	22	(1,055,591)	(459,778)
Finance costs		(26,322)	(175,138)
Repayment of lease liabilities		<u>(157,487)</u>	<u>(144,977)</u>
Net cash provided by financing activities		<u>7,413,502</u>	<u>5,285,930</u>
Net (decrease)/increase in cash held		(2,175,266)	1,659,956
Cash and cash equivalents at beginning of financial year		3,665,259	2,061,642
Effects of foreign currency exchange		<u>(34,403)</u>	<u>(56,339)</u>
Cash and cash equivalents at end of financial year	9	<u>1,455,590</u>	<u>3,665,259</u>

These financial statements should be read in conjunction with the accompanying notes.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of CardieX Limited and controlled entities ('Consolidated Group' or 'Group'). The separate financial statements and notes of CardieX Limited as an individual parent entity ('Company') have not been presented within the financial report as permitted by the *Corporations Act 2001*. CardieX Limited is a for-profit entity.

The financial statements were authorised for issue on 30 September 2022 by the directors of the Company.

Basis of Preparation

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are reported below. They have been consistently applied unless stated otherwise. All applicable new accounting standards have been adopted for the year ended 30 June 2022 unless otherwise stated and their adoption did not have a significant impact on the financial performance or position of the consolidated entity.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

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

At the date of signing, the Directors have assessed that there is a material uncertainty related to going concern that may cast significant doubt over the ability of the Group to continue as a going concern given that the Group incurred a loss after tax of \$11,809,634 (2021: \$5,180,098), had net cash outflows from operating activities of \$9,150,712 for the year ended 30 June 2022 (2021: \$3,989,135) and had a net current liability position as at year-end of \$285,915 (2021: net asset position of \$7,457,455). As a result of these conditions the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that there are reasonable grounds that the Group will be able to continue as a going concern, after consideration of the following factors:

- On 22 August 2022, CardieX announced that it had completed a \$4.33m placement, as well as the launch of a share purchase plan (SPP) where proceeds exceeded the target of \$1m;
- On 29 September 2022, the Company announced the results of the SPP and raised \$1.6m – this represents a 59.3% over-subscription over the originally targeted raise of \$1.0 million;
- The Company is the process of progressing a dual ASX/NASDAQ or NYSE listing, and if successful, this would raise significant equity funding for the Company, along with improving the Company's options with regards to equity raising;
- If required, the Group has the ability to continue to raise additional funds on a timely basis pursuant to the *Corporations Act 2001*. The Group has a strong track record of successful equity funding in the preceding financial years. The Directors have no reason to believe that it will not be able to continue to source equity or alternative funding if required.
- There is a term loan facility of \$1,297,505 repayable in October 2022, however this will be partially offset by R&D tax rebates expected in the same month. The Group are also currently reviewing options to extend or refinance the facility.

Accordingly, the Directors believe that the Group will be able to continue as a going concern, and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Principles of Consolidation

A controlled entity is any entity CardieX Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a 30 June 2022 financial year-end for this current year.

As at the reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year ended.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Company.

Where controlled entities have entered or left the Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 9, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Hybrid contracts

If a hybrid contract contains a host that is a financial asset, the policies applicable to financial assets are applied consistently to the entire contract.

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through profit or loss (FVPL)
- debt instruments at fair value through other comprehensive income (FVOCI)
- equity instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at FVOCI. Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend income is taken to profit or loss unless the dividend clearly represents return of capital.

Impairment of Financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows. There is provision made in the Statement of Cash Flows to disclose the applicable GST refunds/payments that have been remitted to the ATO to accurately show the cash position of CardieX Limited.

Foreign Currency Translation

Functional currency

Items included in the financial statements of the Group's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency').

The functional currency of the Company and controlled entities registered in Australia is Australian dollars (AU\$).

The functional currency of the AtCor Medical Inc is United States dollars (US\$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

Presentation currency

The financial statements are presented in Australian dollars, which is the Group's presentation currency.

Functional currency balances are translated into the presentation currency using the exchange rates at the balance sheet date. Value differences arising from movements in the exchange rate is recognised in the statement of comprehensive income.

Critical accounting estimates and judgements

The Group has operations in both the US and Australia; however, the functional currency is deemed to be Australian dollars as the Group is listed on the Australian stock exchange and the main operations are located in Australia.

Functional currency of AtCor Medical Inc.

In determining that United States dollar (US\$) is the functional currency of AtCor Medical Inc., management have applied judgement to assess the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions in AMI. Management have considered the currency that mainly influences sales prices for goods and services and labour, material and other costs of providing goods or services.

New accounting standards and interpretations adopted

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

As at 30 June 2022, the group has adopted all new and revised mandatory accounting standards applicable. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 2: RESTATEMENT OF COMPARATIVE FIGURES

The 2021 consolidated statement of profit or loss and other comprehensive income and statement of financial position have been restated as a result of a revaluations of the Group's financial assets. Refer note 17 for further details.

Consolidated statement of profit or loss and other comprehensive income for year ended 30 June 2021

	2021	2021	2021
	Reported	Adjustments	Restated
	\$	\$	\$
Sales revenue	5,001,134	-	5,001,134
Interest revenue	256,490	-	256,490
	<hr/> 5,257,624	<hr/> -	<hr/> 5,257,624
Other income	839,647	-	839,647
Total income	<hr/> 6,097,271	<hr/> -	<hr/> 6,097,271
Cost of sales	(905,282)	-	(905,282)
Bad debts expense	(41,911)	-	(41,911)
Marketing and sales expense	(182,167)	-	(182,167)
Product development and regulatory expense	(918,112)	-	(918,112)
Occupancy expense	(294,658)	-	(294,658)
Employee benefits expense	(6,628,530)	-	(6,628,530)
Administration expense	(1,498,018)	-	(1,498,018)
Interest expense	(268,384)	-	(268,384)
Loss of forgiveness of debt	(338,373)	338,373	-
Foreign exchange loss	(567,433)	82,981	(484,452)
Fair value loss	-	(55,855)	(55,855)
Loss before income tax expense	<hr/> (5,545,597)	<hr/> 365,499	<hr/> (5,180,098)
Income tax expense	-	-	-
Loss attributable to members of the parent entity	<hr/> (5,545,597)	<hr/> 365,499	<hr/> (5,180,098)
Other comprehensive income			
Exchange differences on translating foreign operations	87,036	-	87,036
Total comprehensive loss for the period	<hr/> (5,458,561)	<hr/> 365,499	<hr/> (5,093,062)

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 2: RESTATEMENT OF COMPARATIVE FIGURES (CONT.)

Consolidated statement of financial position as at 30 June 2021

	2021 Reported \$	2021 Adjustments \$	2021 Restated \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3,665,259	-	3,665,259
Trade and other receivables	555,504	-	555,504
Inventory	444,226	-	444,226
Financial assets	3,530,963	1,406,520	4,937,483
Other current assets	1,100,304	-	1,100,304
TOTAL CURRENT ASSETS	9,296,256	1,406,520	10,702,776
NON-CURRENT ASSETS			
Property, plant and equipment	352,068	-	352,068
Intangible assets	331,577	-	331,577
Financial assets	1,252,129	(609,737)	642,392
Other non-current assets	32,150	-	32,150
TOTAL NON-CURRENT ASSETS	1,967,924	(609,737)	1,358,187
TOTAL ASSETS	11,264,180	796,783	12,060,963
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	1,074,799	-	1,074,799
Unearned revenue	430,181	-	430,181
Provisions	404,793	-	404,793
Financial liabilities	275,209	-	275,209
Lease liabilities	70,616	-	70,616
Borrowings	989,723	-	989,723
TOTAL CURRENT LIABILITIES	3,245,321	-	3,245,321
NON-CURRENT LIABILITIES			
Provisions	218	-	218
Lease liabilities	108,292	-	108,292
TOTAL NON-CURRENT LIABILITIES	108,510	-	108,510
TOTAL LIABILITIES	3,353,831	-	3,353,831
NET ASSETS	7,910,349	796,783	8,707,132
EQUITY			
Contributed equity	59,286,666	-	59,286,666
Reserves	3,086,032	-	3,086,032
Accumulated losses	(54,462,349)	796,783	(53,665,566)
TOTAL EQUITY	7,910,349	796,783	8,707,132

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 3: REVENUE

	2022	2021
	\$	\$
<i>Sales revenue</i>		
Sale of goods	2,334,130	2,104,182
Lease income	1,185,293	2,165,120
Service income	395,332	595,562
Freight income	93,766	81,674
Royalty income	58,461	54,596
	4,066,982	5,001,134
<i>Other revenue</i>		
Interest revenue	432,580	256,490
Total revenue	4,499,562	5,257,624

Accounting policy for revenue recognition

To determine whether to recognise revenue and what price, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group has identified the following revenue streams:

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the control is transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Service income

Service income is recognised over time in line with management's assessment of the performance obligations under each contract.

Freight income

Freight income is recognised when the control is transferred to the customer and there is a valid sales contract.

Royalty income

Royalty income is recognised when entitled under royalty agreements.

Other revenue

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

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 3: REVENUE (CONT.)

Lease Income

Lease income accounting policy

The Group earned lease income from both finance and operating lease of goods and continues to recognise related income in line with AASB 16 Leases. The Group recognises unearned revenue for lease income received in advance where the benefit from the use of the underlying asset has not been diminished. The unearned revenue is reported in the statement of financial position. Similarly, if the Group provides benefits from the underlying asset before it receives the consideration, the Group recognises either a contract lease asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

For operating leases, the lease income and interest in relation to the goods are recognised over time per the terms set in the contract with the customer.

For goods sold on a finance lease, income is recognised at the point of sale, which is where the customer has taken delivery of the goods, the control is transferred to the customer and there is a valid sales contract. Any associated interest income is recognised over the life of the lease in line with the terms set in the contract with the customer.

CardieX leases multiple medical devices to customers as part of pharmaceutical trials. The amounts are paid over an accelerated term per the signed contract, and then revenue is recognised on a straight-line basis based on the amount of equipment delivered. The equipment is leased to the customer for approximately 2 years which is not considered to be a major part of the economic life of the asset. The equipment is returned to CardieX at the end of the lease and the equipment can continue to be used without any major modification.

Lessor commitments

	2022	2021
	\$	\$
<i>Minimum lease commitments receivable but not recognised in the financial statements:</i>		
Within one year	123,748	603,316
One to five years	2,540	3,166
More than five years	-	-
Total	126,288	606,482

NOTE 4: OTHER INCOME

R&D tax concession from the Australian Tax Office	661,030	536,008
Covid-19 Stimulus benefits from the Australian Tax Office	-	63,000
PPP loan forgiveness	-	233,479
Other	10,018	7,160
Total	671,048	839,647

Accounting policy for research and development grant income

Research and development grant income is recognised when the Group is entitled to the research and development grant. The amount is treated as other income in the period in which the research and development costs were incurred.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 5: EXPENSES

	2022	2021
	\$	(restated)
		\$
Loss before income tax includes the following specific expenses:		
Depreciation on plant and equipment	58,451	73,805
Depreciation on right of use assets	14 160,348	108,624
Share based payments	23 2,010,500	1,406,836
Rental expense relating to short term leases	-	62,820

NOTE 6: INCOME TAX EXPENSE

Loss from continuing operations before income tax expense	(11,809,634)	(5,180,098)
Prima facie tax benefit on loss from ordinary activities before income tax at 25% (2021: 26%):	(2,952,408)	(1,346,825)
<i>Add tax effect of:</i>		
— Other non-allowable items	1,096,025	652,622
Subtotal	(1,856,384)	(694,203)
<i>Less tax effect of:</i>		
— Items not assessable for taxation	(165,257)	(295,248)
— Items deductible for taxation but not accounting	(270,269)	(116,116)
Differences in overseas tax rates	127,355	(4,492)
Benefit of tax losses and temporary differences not recognised	2,164,555	1,110,059
Income tax expense	-	-

The Group has carried forward tax losses, calculated according to Australian income tax legislation of \$51,027,938 (2021: \$38,636,618), which will be deductible from future assessable income provided that income is derived, and:

- a) The Company and its controlled entities carry on a business of, or a business that includes software development in Australia; and
- b) No change in tax legislation adversely affects the Group and its controlled entities in realising the benefit from the deduction for the losses.

The benefit of these losses will only be recognised where it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Deferred tax assets are estimated but not recognised at \$12,756,984 at 30 June 2022 (2021: \$10,045,521) so as to enable the Board to determine more reliably the probability of utilising these tax assets in the foreseeable future.

As at the date of this report the entities in the tax consolidation group had not entered into a tax sharing agreement. No compensation has been received or paid for any current tax payable or deferred tax assets relating to tax losses assumed by the parent entity since implementation of the tax consolidation regime.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 6: INCOME TAX (CONT.)

Accounting policy for income tax

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

CardieX Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of July 1, 2005.

The head entity, CardieX Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

NOTE 7: AUDITOR REMUNERATION

	2022	2021
	\$	\$
Remuneration of the auditor of the Group for:		
Audit services for the financial year – BDO	95,000	99,000

NOTE 8: LOSS PER SHARE

	2022	2021
	\$	(restated) \$
Reconciliation of loss:		
Loss after tax	<u>(11,809,634)</u>	<u>(5,180,098)</u>
Weighted average number of ordinary shares outstanding during the year used in calculating loss per share ¹	103,005,388	87,278,943
Basic and diluted loss per share	<u>(11.5)</u>	<u>(5.9)</u>

Performance rights and options to acquire shares that would be dilutive if the Group was generating a profit have been excluded from the weighted average number of issued ordinary shares as the Group is generating a loss.

¹On 16 February 2022, there was a share consolidation of the issued capital of the Company on the basis of one (1) security for every ten (10) securities held. Where the consolidation resulted in a fraction of a Share, Performance Right or Option being held, the Company rounded that fraction up to the next whole number. The prior year weighted average number of ordinary shares has been adjusted accordingly so that the basic and diluted loss per share are comparable.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 9: CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
Cash at bank and on hand	1,455,590	3,665,259
Total	<u>1,455,590</u>	<u>3,665,259</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

NOTE 10: TRADE AND OTHER RECEIVABLES

	2022	2021
	\$	\$
Trade receivables	860,738	604,011
Less: Provision for doubtful debts	<u>(47,600)</u>	<u>(48,507)</u>
	<u>813,138</u>	<u>555,504</u>

Provision for doubtful debts

As at 30 June 2022 current trade receivables of the Group with a nominal value of \$47,600 (2021: \$48,507) were fully impaired.

	2022	2021
	\$	\$
At 1 July	48,507	68,164
Provision for doubtful debts recognised during the year	373	41,911
Reversal of provision upon receipt of payment	(1,280)	-
Receivables written off during the year as uncollectible	-	(61,568)
At 30 June	<u>47,600</u>	<u>48,507</u>

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment. Trade and other receivables are non-interest bearing and are generally on 30 to 60 day terms.

Collectability of trade receivables is reviewed on an ongoing basis in accordance with the expected credit loss ("ECL") model. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

The ECL assessment completed by the Group as at year end has resulted in an immaterial credit loss and no impairment allowance has been recognised by the Group (2021: \$Nil). A specific provision of \$47,600 (2021: \$48,507) was recognised at each financial year end.

Critical accounting estimates and judgements

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 11: INVENTORY

	2022	2021
	\$	\$
Raw materials and stores - at cost	517,013	283,938
Finished goods at cost	477,761	160,288
	994,774	444,226

Accounting policy for inventory

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Critical accounting estimates and judgements

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

NOTE 12: OTHER ASSETS

	2022	2021
	\$	\$
CURRENT		
Prepayments	816,388	445,627
Contract assets	12,179	83,935
R&D tax incentive receivable	735,026	542,923
Deposits	-	25,195
Other	2,625	2,624
	1,566,218	1,100,304
NON-CURRENT		
Deposits	77,160	32,150

NOTE 13: CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of CardieX Limited, and the following subsidiaries:

	Country of Incorporation	Beneficial Interest (%)*	
		2022	2021
AtCor Medical Pty Limited	Australia	100	100
AtCor Medical Inc	USA	100	100
CardieX (Shanghai) Medical Technology Co., Ltd.	China	100	100
Conneqt Inc	USA	100	100

* Percentage of voting power is in proportion to ownership

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 14: PLANT AND EQUIPMENT

	Manufacturing plant and equipment	Furniture, fixtures and equipment	Devices leased to customers	Property under lease (right-of use asset)	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2021					
Opening net book amount	16,951	102,358	183,408	262,919	565,636
Additions	-	20,621	50,563	-	71,184
Exchange differences	-	(4,915)	(9,720)	(14,201)	(28,836)
Depreciation charge	(13,979)	(46,506)	(86,826)	(108,382)	(255,693)
Disposal Adjustments to Cost	(163,813)	(634,405)	(37,897)	-	(836,115)
Disposal Adjustments to Depreciation	163,787	634,208	37,897	-	835,892
Closing net book amount	2,946	71,361	137,425	140,336	352,068

At 30 June 2021

Cost	344,867	230,362	231,145	418,689	1,225,063
Accumulated depreciation	(341,921)	(159,001)	(93,720)	(278,353)	(872,995)
Net book amount	2,946	71,361	137,425	140,336	352,068

	Manufacturing plant and equipment	Furniture, fixtures and equipment	Devices leased to customers	Property under lease (right-of use asset)	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2022					
Opening net book amount	2,946	71,361	137,425	140,336	352,068
Additions	-	290,186	25,864	677,701	993,751
Disposal Adjustments to Cost	-	-	-	(218,015)	(218,015)
Disposal Adjustments to Depreciation	-	-	-	218,015	218,015
Exchange differences	-	3,712	12,548	10,324	26,584
Depreciation charge	(1,202)	(45,407)	(95,656)	(160,348)	(302,613)
Closing net book amount	1,744	319,852	80,181	668,013	1,069,790

At 30 June 2022

Cost	344,867	517,431	299,676	892,043	2,054,017
Accumulated depreciation	(343,123)	(197,579)	(219,495)	(224,030)	(984,227)
Net book amount	1,744	319,852	80,181	668,013	1,069,790

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 14: PLANT AND EQUIPMENT (CONT.)

Accounting policy for plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The useful lives used for depreciable assets are:

- | | |
|-------------------------------------|---------------|
| • Manufacturing plant and equipment | 3 – 10 years |
| • Furniture, fixtures and equipment | 3 – 5 years |
| • Devices leased to customers | 3 – 4 years |
| • Lease improvements | Life of lease |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

Right of Use Asset

The right-of-use asset is initially measured at cost, which comprised 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 or the site on which it is located, less any lease incentives received.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are 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.

Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Critical accounting estimates and judgements

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 15: TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Trade creditors	1,940,158	776,976
Other payables	284,473	297,823
	<u>2,224,631</u>	<u>1,074,799</u>

Accounting policy for trade and other payables

Liabilities for creditors and other amounts are carried at amortised cost, which is the present value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. The carrying period is dictated by market conditions but is generally less than 30 days.

NOTE 16: UNEARNED REVENUE

	2022	2021
	\$	\$
Unearned Revenue	877,312	430,181
	<u>877,312</u>	<u>430,181</u>

The above unearned revenue relates to contracts where payments have been received, but revenue has not yet been recognised.

NOTE 17: PROVISIONS

	2022	2021
	\$	\$
CURRENT		
Employee benefits	526,538	404,793
NON-CURRENT		
Employee benefits	1,824	218
	<u>528,362</u>	<u>405,011</u>

Accounting policy for provisions

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur. The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, irrespective of when the actual settlement is expected to take place.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18: FINANCIAL ASSETS

	2022	2021 (restated)
	\$	\$
CURRENT		
inHealth convertible note	-	4,937,483
	<u>-</u>	<u>4,937,483</u>
NON-CURRENT		
Blumio convertible note	-	-
inHealth investment	648,461	642,392
inHealth convertible note	5,431,848	-
	<u>6,080,309</u>	<u>642,392</u>
TOTAL FINANCIAL ASSETS	<u>6,080,309</u>	<u>5,579,875</u>

Blumio Inc

- In March 2018, the Company entered into a convertible note purchase agreement for the acquisition of a Convertible Note (the “Blumio Note”) issued by Blumio Inc, payable in two instalments. The full principal balance of US\$600,000 payable under the Blumio Note agreement was met on 14 March 2019.
- Both the debt and derivative components of the Blumio Note are measured as a single instrument at fair value through profit and loss (FVTPL). It is measured at FVTPL as there is an embedded conversion feature. The term of the Blumio Convertible Note continues until a fundraising event of more than \$8,000,000 occurs at which point the investment will convert into shares in the Blumio at a 20% discount to the price of the fundraising.
- As part of a detailed review of all financial assets in the Group as at 30 June 2022, management determined that the fair value of the Blumio Note should have been written down to nil as at 30 June 2021. This is due to the following indicators of impairment:
 - CardieX was unable to obtain sufficient financial information from Blumio in previous financial years, and as such, the fair value of the investment was assumed to be equal to the consideration paid for the Blumio Note.
 - The auditors qualified their opinion in the previous financial year as a result of a lack of evidence to support the fair value of the investment.
 - During the 2022 financial year, the Company obtained financial statements from Blumio which indicated that Blumio was in a net liabilities position as at 30 June 2020, 30 June 2021 and 30 June 2022. The financial statements also indicated that Blumio has not generated any income to date, other than research grants.
 - Based on this new information, the Company has restated the balance sheet as at 30 June 2020 and 30 June 2021 to reflect the nil value of the Blumio Note as management consider there to be a low probability of repayment of the Note. See Note 2 of the financial statements for detail on the prior period restatement.

inHealth Medical Services

- On 31 January 2019, the Company exercised in full its option under the agreement to purchase US\$3,000,000 of inHealth Medical Services “Tranche 2” (T2) Convertible Note (the “inHealth Note”) securities;
- Both the debt and derivative components of the inHealth Note are measured as a single instrument at FVTPL;
- By 31 December 2019, the Company had paid the full US\$3,000,000 to inHealth under the Agreement for the T2 Notes;
- In July 2020, the Company and inHealth had signed an agreement to restructure the partnership. Key changes were reducing the outstanding convertible note to US\$2,500,000 by repayment of US\$500,000, extending the maturity date to 1 July 2021, and exchanging the option to move to 50.5% for the issuance of 1% of the fully diluted equity of inHealth.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18: FINANCIAL ASSETS (CONT.)

inHealth Medical Services (cont.)

- In July 2021 it was agreed to further extend the maturity date of the convertible note to 31 December 2021, and further agreed between the parties to forgive accrued interest up until 30 June 2020 totalling \$338,373 in return for a further 1% of fully diluted equity of inHealth to CardieX.
- In March 2022, the inHealth Note was extended a further term to November 2023.
- As at 30 June 2022, the total convertible note asset was fair valued at AU\$5,431,848 (2021: restated value of \$4,937,483).
- As at 30 June 2022, the Company holds 8.35% equity in inHealth Medical Services, Inc, currently valued at \$648,461 (2021: restated value of \$642,392)

NOTE 19: FAIR VALUE MEASUREMENT

Fair value measurement hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

	Level 1	Level 2	Level 3	Total
2022	\$	\$	\$	\$
<i>Assets</i>				
Convertible notes	-	-	5,431,848	5,431,848
Shares at FVTPL	-	-	648,461	648,461
Total Assets	-	-	6,080,309	6,080,309
<i>Liabilities</i>				
Convertible notes	-	-	66,778	66,778
Total Liabilities	-	-	66,778	66,778
2021 (restated)	\$	\$	\$	\$
<i>Assets</i>				
Convertible notes	-	-	4,937,483	4,937,483
Shares at FVTPL	-	-	642,392	642,392
Total Assets	-	-	5,579,875	5,579,875
<i>Liabilities</i>				
Convertible notes	-	-	275,209	275,209
Total Liabilities	-	-	275,209	275,209

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 19: FAIR VALUE MEASUREMENT (CONT.)

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables are assumed to approximate their fair value due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities are the current market interest rate that is available for similar financial liabilities.

The following valuation techniques are used for instruments categorised in Level 3:

- Convertible notes (Level 3) – The Group's holding of convertible notes issued by Blumio and inHealth are classified as loans held at FVTPL. The Group obtained a third party valuation of inHealth for the years ended 30 June 2020, 2021, and 2022, which used a Monte Carlo Simulation to value the assets.
- Shares in inHealth (Level 3) – The fair value of this investment was also determined from the third party valuation that was obtained.

	Shares in inHealth \$	inHealth convertible note \$	Blumio convertible note \$	Total \$
Balance at 30 June 2020 (restated)	527,626	5,932,050	-	6,459,676
Interest income	-	206,999	48,763	255,762
Repayments	-	(721,501)	-	(721,501)
Forex adjustment	-	(358,207)	-	(358,201)
Fair value adjustment	114,766	(121,858)	(48,763)	(55,855)
Balance at 30 June 2021 (restated)	642,392	4,937,483	-	5,579,875
Interest income	-	382,671	49,609	432,280
Forex adjustment	-	343,165	-	343,165
Fair value adjustment	6,069	(231,471)	(49,609)	(275,011)
Balance at 30 June 2022	648,461	5,431,848	-	6,080,309

Critical estimates and judgements

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 20: FINANCIAL LIABILITIES

	2022	2021
	\$	\$
Convertible note liabilities	66,778	275,209
Total financial liabilities	66,778	275,209

In January 2019, C2 Ventures Pty Ltd applied to the Company for 2,500,000 convertible notes at \$1 per note.

On 6 March 2019, 1,638,503 notes were converted to shares and a further 640,303 notes were converted to shares on 21 November 2019. The remaining 221,194 notes were approved in the 2021 AGM and subsequently converted on 7 December 2021. The balance of \$66,778 reflects unpaid interest.

Accounting policy for financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

NOTE 21: LEASE LIABILITIES

	2022	2021
	\$	\$
CURRENT		
Lease liabilities	122,871	70,616
NON-CURRENT		
Lease liabilities	649,092	108,292
TOTAL LEASE LIABILITIES	771,963	178,908

Maturity analysis

	Less than 6 months	6 months to 1 year	1 to 5 years	5+ years	Total
	\$	\$	\$	\$	\$
Lease payments	103,218	107,987	786,616	31,295	1,029,116
Finance charges	(46,106)	(42,229)	(168,344)	(474)	(257,153)
Net present values	57,112	65,758	618,272	30,821	771,963

Accounting policy for lease liabilities

Where a lease is identified at inception, 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 ignition 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 on which it is location, less any leased incentives received.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 21: LEASE LIABILITIES (CONT.)

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB117.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial acquisition.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

NOTE 22: BORROWINGS

	2022	2021
	\$	\$
CURRENT		
Term loan facility	1,297,505	989,723
	1,297,505	989,723

Term Loan Facility

On 24 March 2022, the Company entered into a new term loan facility secured against future R&D refunds to be received by the Company and its wholly owned subsidiary AtCor Medical Pty Ltd. The facility is a prepayment of forecasted R&D tax incentive claim for the year ended 30 June 2022, with a termination date of 31 October 2022. The Facility attracts interest at 1% per calendar month. Net cash received from the facility in the quarter was \$1,199,285 with the difference of \$98,220 withheld for establishment costs and prepaid interest. The Company also repaid \$1,055,591 during the financial period.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

NOTE 23: ISSUED CAPITAL

	2022		2021¹	
	No of Shares	\$	No of Shares	\$
(a) Ordinary shares				
At the beginning of reporting period	926,038,155	59,286,666	753,209,290	53,127,941
Capital placement	-	-	169,670,063	6,385,478
Shares issued on conversion of options	23(c) 152,048,619	7,602,431	-	-
Shares issued on conversion of performance rights	23(b) 12,000,000	422,557	-	-
Shares issued on conversion of convertible notes	24 7,831,467	270,663	-	-
Shares issued in lieu of payments to employees	1,614,480	103,465	3,158,802	106,652
Share consolidation ¹	(989,579,021)	-	(833,434,339)	-
Shares issued in lieu of payments to employees post share consolidation	50,000	15,500	-	-
Cost of raising capital	-	(148,814)	-	(333,405)
Closing balance at reporting date	110,003,700	67,552,468	92,603,816	59,286,666

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23: ISSUED CAPITAL (CONT.)

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

1. On 16 February 2022, there was a share consolidation of the issued capital of the Company on the basis of one (1) security for every ten (10) securities held. Where the consolidation resulted in a fraction of a Share, Performance Right or Option being held, the Company rounded that fraction up to the next whole number. The prior year number of shares has been adjusted for the share consolidation to ensure the numbers are comparable.

Accounting policy for ordinary shares

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

	2022		2021	
	No of Rights	\$	No of Rights	\$
(b) Rights on Issue				
At the beginning of reporting period	196,500,000	1,593,292	36,000,000	695,272
Issued under Performance Rights Plan	-	-	160,500,000	-
Rights converted during the year	(12,000,000)	(422,557)	-	-
Rights expired during the year	(24,000,000)	(573,032)	-	-
Rights vesting expense during the year	-	1,432,148	-	898,020
Transfer to retained earnings	-	(35,591)	-	-
Share consolidation ¹	(144,450,000)	-	(176,850,000)	-
Closing balance at reporting date	16,050,000	1,994,260	19,650,000	1,593,292

¹See Note 23(a) for further detail on the share consolidation.

Details of performance rights relating to Directors that were issued with shareholder approval under the Company's Performance Rights and Options Plan are as follows:

Number of performance rights	Will vest if share price trades at or above:	Issue Date	Expiry Date
1,100,000	\$0.12	11/12/2020	11/12/2023
1,100,000	\$0.15	11/12/2020	11/12/2023
2,450,000	\$0.20	11/12/2020	11/12/2023
5,700,000	\$0.25	11/12/2020	11/12/2023
5,700,000	\$0.50	11/12/2020	11/12/2023

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23: ISSUED CAPITAL (CONT.)

	2022		2021	
	No of Options	\$	No of Options	\$
(c) Options on Issue				
At the beginning of reporting period	213,555,201	800,492	167,423,535	669,064
Options vesting expense	-	494,388	-	432,164
Options issue to employees	-	-	34,500,000	-
Expired and lapsed employee options	(11,123,249)	-	(5,035,000)	(300,736)
Options converted to shares	(152,048,619)	-	-	-
Free attaching options (1 for 5) as attaching to placement	-	-	16,666,666	-
Share consolidation	(45,103,333)	-	-	-
Options issue to employees post share consolidation	1,300,000	-	-	-
Closing balance at reporting date	6,580,000	1,294,880	213,555,201	800,492

The weighted average assessed fair value at grant date of options granted during the year ended 30 June 2022 was 20¢ cents per option (2021: 40¢). The fair value at grant date is determined using a Black-Scholes option pricing model that considers 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.

The model inputs for options granted during the year ended 30 June 2022 included:

Grant Date	Number issued	Exercise price	Term	Share price at grant date	Share price volatility	Expected dividend yield	Risk-free interest rate
30 June 2022	300,000	\$0.80	5 years	\$0.31	98%	0.00%	3.50%
30 June 2022	1,000,000	\$0.80	5 years	\$0.31	98%	0.00%	3.50%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Accounting policy for equity settled compensation

Options issues have their fair value determined with reference to an approved valuation methodology, such as the Black-Scholes valuation method. On issue, the fair value of an option is taken to the Income Statement as equity settled compensation, with a corresponding credit to the options reserve. This is then disclosed as other comprehensive income in the Statement of Comprehensive Income to show other net profit position of the Group from a third party perspective. Shares have their value determined using the direct method of share price at date of issue multiplied by the number of shares issued.

Critical Accounting Judgements. Estimates and Assumptions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23: ISSUED CAPITAL (CONT.)

Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital, shares and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distribution to shareholders and share issues.

NOTE 24: RESERVES

	2022	2021
	\$	\$
Share-based payments reserve	3,289,140	2,393,784
Foreign currency translation reserve	636,282	656,529
Derivative reserve	-	35,719
	3,925,422	3,086,032

		Share-based payments reserve	Foreign currency translation reserve	Derivative reserve	Total
		\$	\$	\$	\$
Balance at 30 June 2020		1,364,336	569,493	35,719	1,969,548
Performance rights vesting expense	23(b)	898,020	-	-	898,020
Options vesting expense	23(c)	432,164	-	-	432,164
Options expired	23(c)	(300,736)	-	-	(300,736)
Other comprehensive loss		-	87,036	-	87,036
Balance at 30 June 2021		2,393,784	656,529	35,719	3,086,032
Performance rights vesting expense	23(b)	1,432,148	-	-	1,432,148
Options vesting expense	23(c)	494,388	-	-	494,388
Performance rights converted	23(b)	(422,557)	-	-	(422,557)
Performance rights expired	23(b)	(573,032)	-	-	(573,032)
Transfer to retained earnings	23(b)	(35,591)	-	-	(35,591)
Conversion of convertible notes	20	-	-	(35,719)	(35,719)
Other comprehensive loss		-	(20,247)	-	(20,247)
Balance at 30 June 2022		3,289,140	636,282	-	3,925,422

Share-based payments reserve

The share based-payments reserve records the fair value of options and performance rights on issue.

Foreign currency reserve

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

Derivative reserve

The derivative reserve records the issue date value of the derivative financial instruments recognised in equity.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 25: SHARE BASED PAYMENTS

Employee Share Option Plan (ESOP)

The CardieX Employee Option Plan was approved by shareholders at the 2005 annual general meeting and amendments were approved at the 2006 & 2008 annual general meetings. All staff are eligible to participate in the plan at the discretion of the directors (including executive directors) following recommendations from the remuneration committee, a sub-committee of the CardieX Limited Board of Directors.

Options are granted under the plan for no consideration. Options are granted for a 5-year period, with vesting conditions over 3 years from the date of grant. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into 1 ordinary share.

The exercise price of options is no less than the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the 5 trading days immediately before the options are granted.

Set out below are summaries of options granted under the plan. All figures are post share consolidation:

2022:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired/ Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
15-Jan-19	15-Jan-24	\$0.50	1,530,000	-	-	-	1,530,000	1,530,000
26-Feb-19	26-Feb-24	\$0.50	300,000	-	-	-	300,000	300,000
15-Feb-21	15-Feb-26	\$0.80	2,925,000	-	-	-	2,925,000	1,218,750
15-Feb-21	15-Feb-26	\$0.50	400,000	-	-	-	400,000	166,667
11-Jun-21	11-Jun-26	\$0.80	125,000	-	-	-	125,000	41,667
30-Jun-22	30-Jun-27	\$0.80	-	1,300,000	-	-	1,300,000	100,000
Total			5,280,000	1,300,000	-	-	6,580,000	3,357,084
Weighted average exercise price			\$0.67	\$0.80	-	-	\$0.70	\$0.68

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 25: SHARE BASED PAYMENTS (CONT.)

Set out below are summaries of options granted under the plan. All figures have been adjusted for the share consolidation:

2021 (Adjusted to account for share consolidation in FY22):

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired/ Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
20-Aug-15	20-Aug-20	\$2.56	153,500	-	-	(153,500)	-	-
13-Nov-15	13-Nov-20	\$2.50	100,000	-	-	(100,000)	-	-
15-Jan-19	15-Jan-24	\$0.50	1,530,000	-	-	-	1,530,000	768,333
26-Feb-19	26-Feb-24	\$0.50	300,000	-	-	-	300,000	300,000
15-Feb-21	15-Feb-26	\$0.80	-	2,925,000	-	-	2,925,000	231,250
15-Feb-21	15-Feb-26	\$0.50	-	400,000	-	-	400,000	33,333
11-Jun-21	11-Jun-26	\$0.80	-	125,000	-	-	125,000	-
Total			2,083,500	3,450,000	-	(253,500)	5,280,000	1,332,916
Weighted average exercise price			\$0.80	\$0.77	-	\$2.54	\$0.67	\$0.55

Performance rights

Details of performance rights relating to Directors that were issued with shareholder approval on 11 December 2020 under the Company's Performance Rights and Options Plan are as follows:

Number of performance rights	Will vest if share price trades at or above:	Issue Date	Expiry Date
1,100,000	\$0.12	11/12/2020	11/12/2023
1,100,000	\$0.15	11/12/2020	11/12/2023
2,450,000	\$0.20	11/12/2020	11/12/2023
5,700,000	\$0.25	11/12/2020	11/12/2023
5,700,000	\$0.50	11/12/2020	11/12/2023

- (a) the fair value of the Performance Rights is based upon the price of CDX at issue date and adjusted for the probability of their performance milestones being achieved. The value of the Performance Rights, together with the probability of milestones being achieved is assessed by the Directors at least annually.
- (b) the Performance Rights will be issued for no consideration if they vest and are exercised, the resulting Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares.
- (c) no individual has previously received securities under this scheme as this is the first time the Company has proposed an issue of securities under the Scheme; and
- (d) no loans or other financial assistance have or will be made by the Company in connection with the issue of the relevant Performance Rights.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 25: SHARE BASED PAYMENTS (CONT.)

	2022	2021
	\$	\$
Rights issued under Option and Performance Rights Plan	1,397,138	898,020
Options issued under Employee Share Option Plan	494,397	432,164
Shares issued in lieu of payments to employees (a)	118,965	76,652
	<u>2,010,500</u>	<u>1,406,836</u>

(a) During the financial year, 25,847 shares were issued to employees for their services in lieu of cash payment.

NOTE 26: ACCUMULATED LOSSES

	2022	2021
	\$	(restated) \$
Opening balance at 1 July	(53,665,566)	(49,217,488)
Restatement of retained earnings	-	431,284
Losses for the year	(11,809,634)	(5,180,098)
Transfer from share-based payments reserve	608,623	300,736
Closing balance at 30 June	<u>(64,866,577)</u>	<u>(53,665,566)</u>

NOTE 27: CASH FLOW INFORMATION

	2022	2021
	\$	(restated) \$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(11,809,634)	(5,180,098)
<i>Non-cash flows in loss:</i>		
Depreciation and amortisation	222,633	255,693
Share based payments expense	2,010,500	1,406,836
Interest income on convertible notes	(432,580)	(256,490)
Unrealised foreign exchange difference	(296,307)	484,452
Interest expense	244,150	160,319
<i>Changes in current assets and liabilities:</i>		
Increase in trade and other receivables	(257,634)	(26,135)
Increase in inventories	(550,548)	(184,547)
Increase in trade and other payables	1,149,832	363,269
Increase / (decrease) in unearned revenue	447,131	(1,094,680)
Increase in provisions	121,745	82,246
Net cash used in operating activities	<u>(9,150,712)</u>	<u>(3,989,135)</u>

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 28: CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

The group's objectives when managing the Company's share capital, reserves and accumulated losses, which represents the group's capital, are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- sustain future product development.

Financial risk management

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

Financial risk management is carried out by the Chief Financial Officer (CFO) and overseen by the Audit & Risk Committee, a subcommittee of the Board of Directors.

(a) Market risk

Foreign exchange risk

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

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the US Dollar and the Euro.

The Group's exposure to foreign currency exchange risk at the reporting date was as follows:

	30 June 2022		30 June 2021	
	In USD	In EUR	In USD	In EUR
Cash and Cash Equivalents	383,109	251,694	247,898	269,639
Trade Receivables	405,817	56,659	326,133	80,933
Trade Payables	(710,333)	(4,872)	(326,477)	-

Sensitivity

Based on the financial instruments held at 30 June 2022, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's pre-tax result for the year would have varied by \$10,371/(\$11,408) (2021: \$29,935/(\$32,928)). Had the Australian dollar weakened/strengthened by 10% against the Euro with all other variables held constant, the Group's pre-tax result for the year would have varied by \$41,872/(\$46,059) (2021: \$52,152/(\$57,367)).

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group has no significant concentrations of credit risk. For banks and financial institutions, only independently rated and reputable parties are accepted. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Terms of trade provided to creditworthy customers are between 30 and 90 days, whilst customers deemed higher risk arrange a letter of credit or prepay for goods. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 28: CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT.)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(d) Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk.

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities approximates their carrying values.

NOTE 29: SEGMENT REPORTING

(a) Description of segments

In the 2022 financial year, the Group operated in one operating segment, being sales of cardiovascular devices and services to hospitals, clinics, research institutions and pharmaceutical companies.

Management has determined the reporting segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board generally considers the business from a geographical perspective and has identified three reportable segments by geographic area.

Geographic areas are:

- Americas (includes global pharmaceutical trials business)
- Europe (includes Middle East and Africa)
- Asia Pacific (includes Asia & Australia/NZ)

(b) Segmental information provided to the Board

	Americas	Europe	Asia Pacific	Inter-segment eliminations / Consolidate unallocated	d
2022	\$	\$	\$	\$	\$
Sales to external customers	3,168,257	472,029	426,696	-	4,066,982
Intersegment sales			1,045,319	(1,045,319)	-
Total sales revenue	3,168,257	472,029	1,472,015	(1,045,319)	4,066,982
Interest revenue	-	-	432,580	-	432,580
Total segment revenue/income	3,168,257	472,029	1,904,595	(1,045,319)	4,499,562
Segment loss before income tax	(4,578,606)	191,648	(6,984,150)	(438,526)	(11,809,634)
Income tax expense					-
Loss for the year					(11,809,634)
Segment assets	14,157,297	-	71,135,687	(72,915,120)	12,377,864
Segment liabilities	38,160,540	-	57,918,055	(90,312,044)	5,766,551

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 29: SEGMENT REPORTING (CONT.)

2021 (restated)	Americas	Europe	Asia Pacific	Inter- segment eliminations/ unallocated	Consolidated
	\$	\$	\$	\$	\$
Sales to external customers	4,217,518	389,153	394,463	-	5,001,134
Intersegment sales	-	-	1,298,159	(1,298,159)	-
Total sales revenue	4,217,518	389,153	1,692,622	(1,298,159)	5,001,134
Interest revenue	-	-	256,490	-	256,490
Total segment revenue/income	4,217,518	389,153	1,949,112	(1,298,159)	5,257,624
Segment loss before income tax	77,160	281,764	(4,985,941)	(553,081)	(5,180,098)
Income tax expense					-
Loss for the year					(5,180,098)
Segment assets	12,435,649	-	59,729,405	(60,104,091)	12,060,963
Segment liabilities	30,010,191	-	49,451,769	(76,108,129)	3,353,831

(c) Notes to and forming part of the segment information

Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. The group transfer inventory and finished goods between its group companies. Such transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

Segment revenue

There was no significant concentration of revenue attributable to one customer in 2021 (2021: \$NIL).

(d) Disaggregation of revenue

Revenue is disaggregated by the country in which the customer is located as this depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

2022	Americas	Europe	Asia Pacific	Consolidated
	\$	\$	\$	\$
Sale of goods	1,520,651	457,599	355,880	2,334,130
Lease revenue	1,185,293	-	-	1,185,293
Service revenue	379,418	7,219	8,695	395,332
Freight revenue	82,895	7,211	3,660	93,766
Royalty income	-	-	58,461	58,461
Total sales revenue	3,168,257	472,029	426,696	4,066,982
Interest revenue	-	-	432,580	432,580
Total revenue/income	3,168,257	472,029	859,276	4,499,562

Americas Europe Asia Pacific Consolidated

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 29: SEGMENT REPORTING (CONT.)

2021

	\$	\$	\$	\$
Sale of goods	1,384,385	383,492	336,305	2,104,182
Lease income	2,165,120	-	-	2,165,120
Service income	591,408	1,384	2,770	595,562
Freight income	76,605	4,277	792	81,674
Royalty income	-	-	54,596	54,596
Total sales revenue	4,217,518	389,153	394,463	5,001,134
Other revenue/income	-	-	256,490	256,490
Total revenue/income	4,217,518	389,153	650,953	5,257,624

NOTE 30: RELATED PARTY TRANSACTIONS

Subsidiaries

The group's principal subsidiaries at 30 June 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Percentage owned	
		2022	2021
AtCor Medical Pty Ltd	Australia	100%	100%
AtCor Medical, Inc. (Delaware C Corp)	USA	100%	100%
CardieX (Shanghai) Medical Technology Co., Ltd.	China	100%	100%
Conneqt Inc	USA	100%	100%

Key Management Personnel Compensation

	Salary and directors fees \$	Share Based Payment Benefits \$	Total \$
2022			
Niall Cairns	260,000	499,325	759,325
Craig Cooper	716,421	499,325	1,215,746
King Nelson	55,915	30,845	86,760
Jarrold White	116,500	187,489	303,989
Lesa Musatto ¹	-	-	-
Total Compensation	1,148,836	1,216,984	2,365,820
2021			
Niall Cairns	204,000	247,611	451,611
Craig Cooper	528,953	545,759	1,074,712
King Nelson	36,697	15,295	51,992
Jarrold White	102,000	96,507	198,507
Total Compensation	871,650	905,172	1,776,822

1. Appointed as a director on 26 April 2022.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 30: RELATED PARTY TRANSACTIONS (CONT.)

Shares Held by Key Management Personnel and Their Associates

	Balance 01 July 2021	Additions	Share consolidation	Balance 30 June 2022
Niall Cairns	181,842,010	53,751,922 ²	(212,034,538)	23,559,394
Craig Cooper	177,242,010	53,751,922 ²	(207,894,538)	23,099,394
King Nelson	153,846	-	(138,461)	15,385
Jarrold White	4,857,577	907,933	(5,188,559)	576,951
Lesa Musatto ¹	-	-	-	-
Total	364,095,443	108,411,777	(425,256,096)	47,251,124

2. A total of 47,751,922 pre consolidated shares acquired by Mr Cairns and Mr Cooper in the year are indirectly held by C2 Ventures, in which Mr Cairns and Mr Cooper are directors. These shares are subject to the Restriction Agreement and Deed of Undertaking as approved by members at the Extraordinary General Meeting held on 28 May 2018.

Shares Held by Key Management Personnel and Their Associates (Cont.)

	Balance 01 July 2020	Additions	Balance 30 June 2021
Niall Cairns	161,960,192	19,881,818 ¹	181,842,010
Craig Cooper	158,960,192	18,281,818 ¹	177,242,010
King Nelson	153,846	-	153,846
Jarrold White	3,257,577	1,600,000	4,857,577
Total	324,331,807	39,763,636	364,095,443

1. A total of 18,281,818 pre consolidated shares acquired by Mr Cairns and Mr Cooper in the year are indirectly held by C2 Ventures, in which Mr Cairns and Mr Cooper are directors. These shares are subject to the Restriction Agreement and Deed of Undertaking as approved by members at the Extraordinary General Meeting held on 28 May 2018.

Options Held by Key Management Personnel and Their Associates

	Balance 01 July 2021	Exercised	Transferred	Share consolidation	Balance 30 June 2022
Niall Cairns	43,420,455	(39,920,455)	(2,000,000)	(1,350,000)	150,000 ²
Craig Cooper	43,420,455	(39,920,455)	(2,000,000)	(1,350,000)	150,000 ²
King Nelson	1,500,000	-	-	(1,350,000)	150,000
Jarrold White	1,897,728	(397,728)	-	(1,350,000)	150,000
Lesa Musatto	-	-	-	-	-
Total	90,238,638	(80,238,638)	(4,000,000)	(5,400,000)	600,000

2. Directors Mr Cairns and Mr Cooper hold 150,000 options indirectly through C2 Ventures Pty Limited, of which they are both directors.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 30: RELATED PARTY TRANSACTIONS (CONT.)

	Balance 01 July 2020	Expired	Additions	Balance 30 June 2021
Niall Cairns	39,000,000	-	4,420,455	43,420,455 ³
Craig Cooper	39,000,000	-	4,420,455	43,420,455 ³
King Nelson	1,500,000	-	-	1,500,000
Jarrold White	1,897,728	-	-	1,897,728
Total	81,397,728	-	8,840,910	90,238,638

3. Directors Mr Cairns and Mr Cooper hold 41,920,455 options indirectly through C2 Ventures Pty Limited, of which they are both directors.

Performance Rights Held by Key Management Personnel and Their Associates

On 11 December 2020 shareholders approved the issue of performance rights to be issued to the Directors under the Company's Performance Rights and Option Plan. These performance rights total 160,500,000 and expire on 11 December 2023. The terms of the Director rights on issue are as follows:

Tranche	Number of performance rights	Will vest if share price trade at or above:	Expiry Date of Performance Milestone
Tranche 1	1,100,000	\$0.12	11/12/2023
Tranche 2	1,100,000	\$0.15	11/12/2023
Tranche 3	2,450,000	\$0.20	11/12/2023
Tranche 4	5,700,000	\$0.25	11/12/2023
Tranche 5	5,700,000	\$0.50	11/12/2023

	Balance 01 July 2021	Converted	Expired	Share consolidation	Balance 30 June 2022
Niall Cairns	68,000,000	-	-	(61,200,000)	6,800,000
Craig Cooper	104,000,000	(12,000,000)	(24,000,000)	(61,200,000)	6,800,000
King Nelson	3,500,000	-	-	(3,150,000)	350,000
Jarrold White	21,000,000	-	-	(18,900,000)	2,100,000
Lesa Musatto	-	-	-	-	-
Total	196,500,000	(12,000,000)	(24,000,000)	(144,450,000)	16,050,000

	Balance 01 July 2020	Expired	Additions	Balance 30 June 2021
Niall Cairns	-	-	68,000,000	68,000,000
Craig Cooper	36,000,000	-	68,000,000	104,000,000
King Nelson	-	-	3,500,000	3,500,000
Jarrold White	-	-	21,000,000	21,000,000
Total	36,000,000	-	160,500,000	196,500,000

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 30: RELATED PARTY TRANSACTIONS (CONT.)

Employment Agreements

Remuneration and other terms of employment for the CEO and the other key management personnel are formalised in employment agreements. Each of these agreements provide for the provision of performance related cash bonuses, other benefits including health insurance and car allowances, and participation, when eligible, in the CardieX Limited Employee Share Option Plan. Other major provisions of the agreements relating to remuneration are set out below.

All contracts with executives may be terminated early by either party with variable notice periods, subject to termination payments as detailed below.

Craig Cooper – Chief Executive Officer

- Agreement commenced on 1 December 2017.
- Base salary of US\$420,000 per annum.
- Bonuses to be paid at discretion of the Group based on performance reviews.
- Reimbursement for reasonable expenses incurred in running the US business, paid on a monthly basis.

NOTE 30: RELATED PARTY TRANSACTIONS (CONT.)

Niall Cairns – Executive Chairman and Director

- Current agreement commenced with an effective date of 1 August 2019.
- Monthly consulting fee for strategic review and consulting services of AU\$25,000 per month.
- Reimbursement for reasonable expenses incurred.

King Nelson – Non-Executive Director

- Current agreement commenced with an effective date of 13 November 2015.
- Base salary of US\$50,000 per annum.

Jarrold White – Director

- Jarrod White is the principal of Traverse Accountants Pty Ltd, who holds an engagement with the Group covering CFO services, Company Secretarial services, and other general accountancy services.
- Mr White received Directors Fees of \$35,000 in shares for this reporting year in addition to the arms' length services paid to Traverse Accountants Pty Ltd.

Loans to Directors and Key Management Personnel

There were no loans made to directors or key management personnel of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 31: MATTERS SUBSEQUENT TO YEAR END

Subsequent to balance date the Group announced the following material events:

- On 29 July 2022, CardieX announced that it has changed its provider for shareholder registry services from Link Market Services to Automic Pty Ltd.
- On 22 August 2022, CardieX announced that it had completed a \$4.33m placement.
- On 26 August 2022, CardieX announced the launch of a share purchase plan, with a target of \$1m to be raised.
- On 28 September 2022, CardieX announced the successful completion of its SPP, which closed on 26 September 2022. The Company received applications for fully paid ordinary shares (Shares) from eligible shareholders (which included Directors) under the SPP at an issue price of \$0.30 per share in the amount of \$1.593 million (before costs) representing a 59.3% over-subscription over the originally targeted raise of \$1.0 million.
- As disclosed in the SPP Offer Booklet (refer ASX release 26 August 2022), the Company reserved the right to conduct either a scale-back of over-subscriptions above the targeted of \$1.0 million, or to accept over-subscriptions above the target. In response to the strong demand from shareholders, the Company has elected to accept the full \$1.593 million of valid applications including the \$593,000 in oversubscriptions and therefore not conduct any scale-back

No other significant subsequent event has arisen that significantly affects the operations of the Group.

NOTE 32: PARENT ENTITY DISCLOSURES

	2022	2021
	\$	(restated)
		\$
Financial position		
Assets		
Total current assets	1,355,562	8,395,395
Inter-company loans	27,404,035	19,439,124
Total assets	35,691,871	28,526,914
Liabilities		
Total current liabilities	1,836,433	1,560,076
Inter-company loans	9,751,264	10,613,236
Total liabilities	12,308,260	12,173,312
Equity		
Contributed equity	74,009,758	65,743,956
Reserves	3,289,139	2,429,503
Accumulated losses	(53,915,286)	(51,819,857)
Total equity	23,383,611	16,353,602
Financial performance		
Loss for the year	(2,704,052)	(2,768,825)
Other comprehensive income	-	-
Total comprehensive loss	(2,704,052)	(2,768,825)

(a) Guarantees entered into by the parent entity

No guarantees have been entered into by the parent entity during 2022 or 2021.

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2022 or 30 June 2021.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 33: CAPITAL COMMITMENTS

CardieX subsidiary, AtCor Medical Pty Ltd has an open purchase order to the value of US\$279,000 for microchips.

There were no other capital commitments as at 30 June 2022.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 24 to 62, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Consolidated Group.
2. the Company has included in note 1 to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards;
3. the Directors have been given the declaration required by Section 295A of the Corporations Act from the Chief Executive Officer for the financial year ended 30 June 2022;
4. in the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
5. the remuneration disclosures included on pages 18 to 22 of the Directors' Report (as part of the Audited Remuneration Report) for the year ended 30 June 2022, comply with section 300A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



Niall Cairns
Executive Chairman
Sydney, 30 September 2022

INDEPENDENT AUDITOR'S REPORT

To the members of CardieX Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of CardieX Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is 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 financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material uncertainty related to going concern

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying Value of Convertible Notes and Shares

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group carries investments in convertible notes and shares, classified as fair value through profit and loss, totalling \$6,080,309 as at 30 June 2022 (30 June 2021: \$5,579,875), as disclosed in Note 18 to the financial statements.</p> <p>The financial assets at fair value through profit and loss is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the total balance; • the complexities involved in determining the accounting treatment under Australian Accounting Standards; and • the determination of the fair value of the convertible notes and shares involves significant judgement on the valuation methodology and the inputs and assumptions applied by management. 	<p>We challenged management in respect of the appropriateness of the carrying value of the investments as financial assets at fair value through profit and loss.</p> <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining from management a schedule of investments in convertible notes and shares held by the Group and vouching these to supporting documentation; • Reviewing the accounting treatment applied to the investments with reference to reports from management’s external experts and assessing the key judgements applied; • Obtaining a copy of the external valuation report and in conjunction with internal experts, evaluating the appropriateness of the valuation methodology applied, including an assessment of the significant inputs applied by management in the valuation models; and • Reviewing managements’ assessment of the movements in fair value of the convertible notes and shares, ensuring that all gains and losses have been treated and disclosed appropriately.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 22 of the directors' report for the year ended 30 June 2022.

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

Responsibilities

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

BDO Audit Pty Ltd

A stylized signature of the BDO firm, consisting of the letters 'BDO' in a cursive, handwritten style.

A handwritten signature in cursive script, which appears to read 'Grant Saxon'.

Grant Saxon
Director

Sydney, 30 September 2022

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below.

Distribution Schedule of Equity Securities as at 28 September 2022

Spread of Holdings	No. of Holders	Shares
100,001 and over	166	93,525,215
10,001 to 100,000	659	22,267,109
5,001 to 10,000	363	2,802,500
1,001 to 5,000	841	2,254,735
1 to 1,000	464	253,147
Total	2,493	121,102,706

Unmarketable parcels

There were 683 shareholders holding less than a marketable parcel totalling 542,878 shares as at 28 September 2022.

Top 20 Holdings as at 28 September 2022

Holder Name	Balance at 28 Sep 2022	%
C2 VENTURES PTY LIMITED	22,499,394	18.58
MR DARRYL PATTERSON & MRS MARGARET STEWART PATTERSON	5,002,195	4.13
MR PAUL COZZI	4,800,000	3.96
MR PAUL JOSEPH COZZI	3,997,000	3.30
CITICORP NOMINEES PTY LIMITED	3,052,511	2.52
MR JOHN CHARLES PLUMMER	2,300,000	1.90
MR MICHAEL JOHN JEIL & MRS JOANNE LEE KEIL <THE KEIL A/C>	1,875,000	1.55
CB CO PTY LTD <THE CURRAN SUPERANNUATION FUND A/C>	1,574,000	1.28
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,447,539	1.20
TOWNS CORPORATION PTY LTD <PAE FAMILY A/C>	1,133,000	0.94
KEIL INVESTMENTS PTY LTD <THE KEIL PRIV PEN FUND A/C>	1,043,667	0.86
MRS GLENIS NITA O'DONNELL	1,004,000	0.83
SR MILJKOVIC SUPER PTY LTD <SR MILJKOVIC S/F A/C>	958,897	0.79
MR JON PHILIPPE WEBSTER	953,003	0.79
MR HENDRIK HARTMANN & MS JIN KI PARK	902,163	0.75
DOSSMAN PTY LTD	897,062	0.74
DRUMNADROCHIT FUTURES PTY LTD	875,609	0.72
DIXSON TRUST PTY LTD	833,334	0.69
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	785,511	0.65
MR PHILIP WAYNE RIECK	784,850	0.65
TOTAL	56,691,735	46.81

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act 2001 are:

Holder Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
C2 VENTURES PTY LIMITED	22,499,394	18.58

Voting rights

Every member is entitled to be present at a meeting and may vote. Options do not carry a right to vote.

On a show of hands, every Member has one vote.

On a poll, every Member has:

One vote for each fully paid share; and

Voting rights pro rata to the amount paid up on each partly paid share held by the Member.

The name of the Joint Company Secretaries are:

Jarrold Travers White

Nicholas Marshall

Registered Office and Principal Place of Business

Suite 301, Level 3

55 Lime Street

Sydney NSW 2000

Telephone: (02) 9874 8761

Email: info@CardieX.com

Website: www.CardieX.com