CARDIEX LIMITED
AND CONTROLLED ENTITIES

ABN 81 113 252 234

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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CORPORATE DIRECTORY

DIRECTORS
Mr. Niall Cairns
Mr. Craig Cooper
Mr. King Nelson

COMPANY SECRETARY
Ms. Louisa Ho

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CORPORATE ACCOUNTANT
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STOCK EXCHANGE LISTING
CardieX Limited's shares are listed on the Australian Securities Exchange (ASX code: CDX).

CHAIRMAN’S REPORT

My Fellow Shareholders,

On behalf of the Board of CardieX Limited, I am pleased to present the Company’s Annual Report for the 2023 Financial Year (FY23).

FY23 was an eventful year marked by revenue growth and a number of achievements and developments in both our CONNEQT and ATCOR divisions.

A standout achievement in FY23 was receiving our first FDA clearance in more than 10 years for the CONNEQT Pulse (the “Pulse”) vascular biometric monitor. The Pulse is the 5th generation FDA cleared device for our patented and market leading SphygmoCor® vascular biomarker technology.

The upcoming commercial release of the Pulse is the first step in our mission to create and own a significant new global health category in “vascular health” by providing a unique suite of vascular biomarkers and digital health insights which are not available from traditional blood pressure devices. Unlike our existing devices, the Pulse will target new clinical and consumer applications in very significant global health markets such as home health monitoring, remote patient monitoring, and decentralised clinical trials.

The ATCOR division continued to make very good progress during FY23 and revenues grew by 13%, with the establishment of several new partnerships designed to enhance our clinical trial capabilities. The highlight was the commencement of the Clinichain clinical trial, which has delivered significant revenue in FY23 (and unearned revenue as at year end that will be earned in the current year). However, as previously announced this clinical trial has now ended and legal processes are now underway to collect A$6.4m in outstanding contractual payments. The current clinical trial and research pipeline for the Company continues to grow and we see this business segment delivering strong revenue growth moving forward as we add the Pulse to our existing product suite.

Overall there was a significant increase in costs not associated with the ATCOR existing product line, as the group invested in scaling up and resourcing the product launch for the new Pulse device which had a notable achievement of receiving FDA clearance in April 2023. These costs largely included staffing increases, regulatory, product development, production readiness, inventory, and software development costs associated with the CONNEQT digital ecosystem. In anticipation of the company’s go to market strategy for Pulse the Company also invested in marketing initiatives throughout the year to educate the various healthcare players and build market awareness and ensure a successful launch campaign.

During the June quarter it was decided to streamline operations, combining the ATCOR and CONNEQT business divisions under one leadership team. This has enabled us to rationalise some operational costs, gain greater management clarity of the go-to-market strategy and channels, and going forward will enable us to scale more effectively.

In parallel to these operational achievements a primary focus of the Board and senior executive management team during the year was directed to a NASDAQ dual listing. This meant that we expended significant resources and expenses in relation to the planned listing throughout the financial year and subsequent, which led to a public filing of the Company’s initial F-1 registration document with the SEC on 26 July 2023. The Group was proceeding and dedicating a material proportion of its resources to the completion of a US based capital raising and finalising the registration statement with the SEC and making application to the NASDAQ as a foreign issuer. This was the core focus of the Board and senior executive team right through the reporting period and subsequent to late September 2023, which included the EGM and relevant approvals obtained on 28 August 2023 to allow the Company to progress with the IPO of CDX ordinary shares which would trade as American Depository Shares (ADSs) on the Nasdaq capital market. Unfortunately in late September, having cleared all SEC comments and being approved by Nasdaq subject to completing the IPO raising, we withdrew the US F-1 prospectus and Nasdaq listing due to capital market conditions in the US.

Although we believe the strategy was and continues to be right, the timing was not, however the exposure of the Company to the rigor of the process and in meeting with US investors and global capital markets throughout the investor roadshow has delivered many learnings and they are being used to focus us on building our ASX base and delivering tangible valuation milestones.

On 26 September the Company applied for a trading halt and subsequently applied for a voluntary suspension in the trading of its securities following the announcement of its withdrawal of its US F-1 registration statement which was a prudent measure taken by the Board to minimise potential disruption and allow the Company the sufficient time to consider alternative funding structures.

Whilst this has delayed the finalisation and normal timing of the issuance of this Annual Report, we are pleased with the progress made in the small space of time to its issuance today, which has led to material progress in establishing an alternative capital raising package that will provide ample capital support to the Company and at the same time allow a level of existing shareholder participation which is inclusive and was not otherwise available to shareholders in the previous US capital raising process. To underpin this and ensure that we are properly capitalised we are progressing with raising the capital required to execute against our strategic and product vision, and at the same time, achieving profitability. This funding will include a significant commitment from C2 Ventures, the investment vehicle of myself and Craig Cooper, and CardieX's largest shareholder.

Looking ahead, we remain focused on the successful launch of the Pulse, FDA-clearance for the CONNEQT Band, and expanding our reach in the growing clinical trial and research market.

Finally, I would like to thank my fellow Board members throughout the year, who have supported and worked with the Company in what has been a developmental year for CardieX, and in particular would like to thank our non-executive director, King Nelson for his ongoing counsel. Importantly I'd also like to thank the entire CardieX team for their efforts, and our loyal shareholders for their support - especially over the last six challenging months.

We are excited about the future and are looking forward to updating you on our progress throughout the upcoming year.

My best regards,

Niall Cairns
Executive Chairman
CardieX Limited

CHIEF EXECUTIVE OFFICERS REPORT & OVERVIEW OF OPERATIONS

As noted in the Chairman's Letter, we continue to make progress on multiple fronts across all of our business units while continuing to execute against our strategic plan.

Our mission is to create a new standard of care for cardiovascular disease based on our market leading vascular biomarker technology. To this end, we continued to make significant progress and achieve a number of important milestones across both the ATCOR and CONNEQT divisions in FY23 which has the group well positioned for strong growth in FY24 and beyond.

In April 2023 we received FDA clearance for the CONNEQT Pulse. Upon market launch in early H1 CY24, the Pulse will be a world-first multi-use vascular biometric monitor that provides measurements of both brachial and central blood pressures, along with multiple other unique vascular biomarkers.

Importantly, outputs generated from the Pulse will enable clinicians and consumers to gain a more comprehensive and precise insight into overall cardiovascular health and other vascular diseases such as Alzheimer's and kidney disease.

Unlike CardieX's existing suite of products, the Pulse is a "stand-alone" medical device in a form factor that is easy to use and operate without requiring specialist training. Pulse is targeted at significant new markets not currently served by the Company's existing product lines.

Throughout FY23, significant resources and efforts have been applied towards marketing the Pulse to our key new market segments of home health, remote patient monitoring and decentralised clinical trials, and educating these cohorts on the benefits of the Pulse and our vascular biomarkers.

Since receiving FDA clearance, we have also initiated the process to mass manufacture the Pulse and are continuing to actively showcase the device at tradeshows and conferences around the United States in advance of the launch. Our strategy is to build a strong pre-launch sales channel and order book as well as to establish key industry partnerships to support our product launch activities.

During the year, there has also been continued development of the CONNEQT app, CONNEQT Patient Management Portal, and related software platforms that will support the Pulse.

Development of the CONNEQT Band (the "Band") also continued during FY23, but towards the end of the period, the Company prioritised its immediate resources towards activities related to the launch of the Pulse.

Upon launch in H2 CY24, 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 vascular health based on the Company's patented SphygmoCor® technology.

During the year, the Company also made a strategic decision to acquire the core assets of wearable sensor start-up, Blumio, Inc (Blumio), a Silicon Valley based developer of advanced algorithms and technology for cardiovascular sensors. Blumio's technology has the potential to significantly increase the clinical performance for CardieX's ecosystem of heart health monitoring solutions.

As part of the acquisition, the Company was pleased to appoint Blumio co-founder, Catherine Liao, as Chief Strategy Officer. Under the Asset Purchase Agreement, it was agreed that full consideration for the acquisition was to be paid by way of CardieX ordinary shares.

Throughout the year, the Company also engaged in targeted promotion of the CONNEQT suite of devices to drive awareness with key industry players ahead of impending market launches.

The Company participated in one of the world's largest technology events, the Consumer Electronics Show (CES) held annually in Las Vegas. We used this premier event to unveil the Pulse with resounding success. Pulse was selected as a 'CES 2023 Innovation Award Honoree' by an elite panel of industry expert judges.

CHIEF EXECUTIVE OFFICERS REPORT & OVERVIEW OF OPERATIONS

During the period, the Company also participated in the National Institutes of Health (NIH) RADx Tech for Maternal Health Challenge in the United States. The Company completed the Viability Assessment Phase and the Deep Dive Assessment Phase. To date, CardieX has been awarded USD$415,000 from NIH during the Challenge and should it be successful in all phases of the challenge, it stands to receive up to USD$940,000 in total prize money.

Our focus is firmly on commercialisation of our new product lines, expansion of our high margin clinical trials business, and successful launch into key new market channels. As referenced in the Chairman's Letter, we are currently curating a capital raise driven towards supporting our corporate goals and ensuring we have enough capital to take us through to profitability. Further details will be announced shortly.

Looking ahead into the upcoming year expect to see:

- multiple new product launches, partnerships, and sales opportunities;
- the launch of brand, education, and demand generation campaigns for CONNEQT products;
- expanded channel & customer marketing for ATCOR's clinical trial services;
- the commercial launch of the Pulse;
- additional FDA-clearances for the Pulse for targeted therapeutic areas (e.g. maternal health);
- strong revenue growth from our Clinical Trial Solutions group;
- new clinical trial contracts and expansion of existing trials;
- launch of multiple new studies for ongoing research and therapeutic validation of our biomarkers;
- continuing new product development (Pulse V.2, Band V.2, and other connected devices);
- anticipated FDA clearance and launch for the CONNEQT Band; and
- accelerated revenue contributions from new product releases (SaaS, app subscription, lease, direct sale).

I acknowledge that it has been a difficult year in the capital markets but we remain steadfast and know that the opportunity we have in front of us is significant.

As always, thank you for your ongoing support.

Craig Cooper
Chief Executive Officer

DIRECTOR'S REPORT

The Directors of CardieX Limited (the "**Company"**) submit the financial report of the Company for the year ended 30 June 2023, 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 $18,886,936 (30 June 2022 $11,809,634).

The Group generated total revenue and other income of $6,016,168, up 10% from $5,466,917 in the previous year.

Please refer to the operational update on page 5 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.

As disclosed in the financial statements, the Group incurred a loss after tax of $18,886,936 (2022: $11,809,634), had a net liability position of $748,405 (2022 net asset position: $6,611,313) and had net cash outflows from operating activities of $11,996,350 for the year ended 30 June 2023 (2022: $9,150,712).

Further, following the withdrawal of the registration statement for a US IPO the Board, with the support of the Company's senior executive team and advisors, have been focused on alternative solutions to its capital raising to support its corporate strategy and which will provide enough funding and capital runway to allow the Company to both progress its new product launch initiative and execution of its overall business plan.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on whether the Group will continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities and commitments in the normal course of business and at the amount stated in the financial report.

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

- CardieX is currently underway with multiple funding initiatives for raising capital, including a placement of approximately A$5m, expected to be completed in November 2023, followed by a A$3m rights issue expected to be completed in December 2023.
- C2 Ventures Pty Ltd, a Company jointly owned by Directors Mr Niall Cairns and Mr Craig Cooper, has entered into a funding agreement with CardieX to provide total capital of A$7,500,000, including a A$1.5m facility limit to be received during the December 2023 quarter, followed by a further A$6m facility limit to be provided during the 2024 calendar year.
- The ATCOR division reported strong sales growth for the September 2023 quarter, recorded unaudited revenue of A$1.36m, which was up 143% on the prior corresponding period. This is primarily due to strong sales performance in the US research market, due to expansion of the Group's sales lead generation activities and data-driven targeting of new customer prospects.
- CardieX continues to conduct a strategic review of its operations to reduce operating costs and streamline operations and has taken measures to reduce cash outgoings for employee benefits, as well as restructuring a number of employees' compensation plans with a structure weighted more towards shares than cash.
- CardieX is currently enforcing its contractual rights with Clinichain in relation to the cancellation of a non-cancellable clinical trial and is currently in settlement discussion to recoup all contractual payments outstanding of ~A$6.4m. A prejudgment has been received in Dutch court, and draft settlement agreements are currently in negotiation.

If the Directors are unsuccessful in achieving the above plan, or additional funds are required, alternative measures would be pursued which would include:

- Raising additional funds via either equity or debt. The Group has a successful track record of being able to raise both equity and debt financing; and
- Curtailing materially, if necessary, the Group's ongoing operating costs.

The Directors are of the opinion that the Group will be successful in managing the above matters and accordingly, they have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the consolidated financial report as at 30 June 2023.

Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

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 2023.

Significant Changes in the State of Affairs

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

Likely Developments and Expected Results of Operations

As a result of the withdrawal of the Form-F1 registration statement, CardieX has had to re-evaluate its capital strategy and its impact on the future operations of the Group. CardieX have undertaken several initiatives in order to streamline operations and reduce operating costs, including:

- Financial functions are now wholly outsourced and ensuring no related increases if a near term CFO appointment were to be made.
- Integration of the CONNEQT and ATCOR Medical businesses into one streamlined operation business.
- Restructuring of a number of operating roles and resources to reduce employee benefits expenditure.
- Review and implementation of a new sales team compensation plan with higher sales and performance quotas.
- Reduction in outsourced product development expenditure.
- A realignment of compensation packages for certain executive team members based on comparable market rates.
- Review of sales and marketing costs for new product development and product launches.

CardieX will continue to identify and implement further areas for potential cost reduction and efficiencies as it seeks to rationalise its path to market for the Pulse and other products over the coming year.

Matters Subsequent to Year End

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

- On 28 August 2023, CardieX held an Extraordinary General Meeting to approve multiple resolutions, including the following:
  (i) approval to issue a total of 3,000,000 Convertible and Converting Notes to investors, and a further 1,100,000 Convertible Notes to related parties. Each Note has a face value of A$1, with interest payable at 10% per annum payable quarterly in cash, and has a maturity date of 15 July 2025. 1,500,000 of the Notes require written approval from investors in order to obtain a conversion notice.
  (ii) approval to issue up to 3,750,000 Convertible Note Options to investors, and 2,200,200 Convertible Note Options to related parties. All Convertible Note Options are exercisable at A$0.45 and each expiring on 31 August 2026.
  (iii) approval to issue 138,000,000 new shares pursuant to a capital raising.
- On 31 August 2023, CardieX announced that it had updated its Share Trading Policy.
- On 12 September 2023, CardieX provided an update in relation to its Convertible Note Facility. 3,620,000 Notes, together with 4,990,000 Convertible Note Options had been issued to date, increasing the total amount raised to date of A$3.62m.
- On 26 September 2023, CardieX announced that it its securities were placed into a voluntary trading halt, subject to the release of an announcement.
- On 28 September 2023, it was announced that the securities of CardieX Limited were suspended from quotation immediately under Listing Rule 17.2, pending the release of an announcement regarding its capital raising and annual report for the year ended 30 June 2023.
- On 28 September 2023, CardieX announced that it has withdrawn its registration statement of the Form F-1 registration statement (the "F1") with the U.S. Securities and Exchange Commission (the "SEC"). At the time of withdrawal, CardieX had made multiple filings of the F1 and had cleared all comments from the SEC and Nasdaq. The withdrawal was required

due to CardieX's lead book-running manager for the offering, Roth Capital Partners, LLC, notifying the Group that it was unable to execute the underwriting agreement required to make the registration effective with the SEC.

- On 28 September 2023, it was announced that Mr Jarrod White had tendered his resignation as Executive Director of the Company, effective 26 September 2023.
- On 4 October 2023, CardieX released a Corporate and Operating Update, including the following:
  - (i) September quarter 2023 sales update.
  - (ii) The award of a $325,000 cash prize from the US National Institutes of Health's (NIH) Rapid Acceleration of Diagnostics (RADx®).
  - (iii) details in relation to the cancelled clinical trial contract with Clinichain, noting CardieX was enforcing its contractual rights and is currently in settlement discussions to coup all contractual payments outstanding of ~A$6.4m.
- On 19 October 2023, CardieX announced that Ms Lesa Musatto had tendered her resignation as Independent Non-Executive Director of the Company, effective 18 October 2023.
- On 30 October 2023, CardieX announced its Annual General Meeting will be held at 9.30am AEDT on Thursday, 30 November 2023.
- On 3 November 2023, CardieX entered into a funding agreement with, C2 Ventures Pty Ltd, a Company jointly owned by Directors Mr Niall Cairns and Mr Craig Cooper. The funding agreement provides that C2 Ventures will provide total capital of A$7,500,000, including a A$1.5m facility limit to be received during the December 2023 quarter, followed by a further A$6m facility limit to be provided during the 2024 calendar year.
- On 7 November 2023, CardieX entered into a Promissory Note with Wilson Sonsini Goodrich & Rosati, Professional Corporation for a principal sum of US$1,500,000. This amount reflects the balance owing of US legal fees in relation to the US listing, post a credit received of US$731,950. The Promissory Note attracts an interest rate of 5.5% and is repayable on the earliest of:
  - (i) 20 April 2025;
  - (ii) the closing of debt financing or equity financing of CardieX after 1 January 2024, the gross proceeds of which equal or exceeds US$6,000,000;
  - (iii) the closing of a change of control transaction;
  - (iv) the Company becomes cash flow positive and is in a position to make payment of the outstanding invoices;
  - (v) upon the occurrence of an event of default.
- On 8 November 2023, CardieX entered into an agreement to extend the maturity date of its working capital facility with Mitchell Asset Management from 30 October 2023 to 31 October 2024, and also extend its R&D loan facility from 31 December 2023 to 31 March 2024.

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

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. King Nelson – Non-Executive Director

Mr. Jarrod White – Executive Director *(resigned 26 September 2023)*

Ms. Lesa Musatto – Non-Executive Director *(resigned 18 October 2023)*

Joint Company Secretaries

Ms. Louisa Ho *(appointed 30 June 2023)*

Mr. Jarrod White *(ceased 30 June 2023)*

Mr. Nicholas Marshall *(ceased 30 June 2023)*

Chief Financial Officer

Mr Jarrod White *(ceased 4 January 2023)*

Mr Reid Yeoman *(appointed 4 January 2023, resigned 30 June 2023)*

Mr. Jarrod White *(appointed as Interim CFO 30 June 2023, resigned 26 September 2023)*

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.

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 and Interim Chief Financial Officer (Resigned 26 September 2023)

Qualifications:	B.Bus, CA, CTA
Appointed:	21 May 2020
Resigned:	26 September 2023
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.

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 specialised 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 (Resigned 18 October 2023)

Appointed:	26 April 2022
Resigned:	18 October 2023
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.

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 2023 and the number of meetings attended by each Director were:

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

Directors' Interests

Information on the Directors' and their associates' interests in shares and options of the Company at 30 June 2023 can be found in the Remuneration Report on page 14.

Shares Issued on the Exercise of Options

During the financial year ended 30 June 2023 no shares (2022: 80,238,638) 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 2023 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 19. The external auditor did not provide non-audit services to the Company during the year ended 30 June 2023.

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 19.

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 Sect 308 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 caliber 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 (resigned 26 September 2023)
Ms. Lesa Musatto	Non-executive Director (resigned 18 October 2023)

Key Management Personnel Compensation

	Salary and directors fees	Share Based Payment Benefits	Total
	$	$	$
2023			
Niall Cairns	300,000	706,996	1,006,996
Craig Cooper	772,175	706,996	1,479,171
King Nelson	74,247	41,405	115,652
Jarrod White	92,800	259,310	352,110
Lesa Musatto	-	36,212	36,212
Total Compensation	**1,239,222**	**1,750,919**	**2,990,141**
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
Jarrod White	116,500	187,489	303,989
Lesa Musatto (Appointed 26 April 2022)[1]	-	-	-
Total Compensation	**1,148,836**	**1,216,984**	**2,365,820**

1. Lesa Musatto received no remuneration in FY2022 as her remuneration is payable in the form of options, which were subject to shareholder approval at the 2022 AGM held on 30 November 2022.

Shares held by key management personnel and their associates

	Balance 01 July 2022	Additions	Balance 30 June 2023
Niall Cairns	23,559,394	3,075,000[1]	26,634,394
Craig Cooper	23,099,394	3,025,000[1]	26,124,394
King Nelson	15,385	-	15,385
Jarrod White	576,551	452,329	1,028,880
Lesa Musatto	-	-	-
Total	**47,250,724**	**6,552,329**	**53,803,053**

[1]A total of 3,025,000 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.

	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
Jarrod White	4,857,577	907,933	(5,188,959)	576,551
Lesa Musatto	-	-	-	-
Total	**364,095,443**	**108,411,777**	**(425,256,496)**	**47,250,724**

[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.

Options held by key management personnel and their associates

	Balance 01 July 2022	Expired	Additions	Balance 30 June 2023
Niall Cairns	150,000	-	1,000,000	1,150,000[3]
Craig Cooper	150,000	-	1,000,000	1,150,000[3]
King Nelson	150,000	-	500,000	650,000
Jarrod White	150,000	-	111,444	261,444
Lesa Musatto	-	-	500,000	500,000
Total	**600,000**	**-**	**3,111,444**	**3,711,444**

[3]Directors Mr. Cairns and Mr. Cooper hold 1,150,000 options indirectly through C2 Ventures Pty Limited, of which they are both directors.

	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[4]
Craig Cooper	43,420,455	(39,920,455)	(2,000,000)	(1,350,000)	150,000[4]
King Nelson	1,500,000	-	-	(1,350,000)	150,000
Jarrod 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**

[4]Directors Mr Cairns and Mr Cooper hold 150,000 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 16,050,000 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	A$0.12	11/12/2023
Tranche 2	1,100,000	A$0.15	11/12/2023
Tranche 3	2,450,000	A$0.20	11/12/2023
Tranche 4	5,700,000	A$0.25	11/12/2023
Tranche 5	5,700,000	A$0.50	11/12/2023

On 30 November 2022, 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 6,750,000 and expire on 30 November 2027. The terms of the Director rights on issue are as follows:

Number of performance rights	Vesting conditions	Issue Date	Expiry Date
2,250,000	Vest upon the Company successfully achieving a Secondary Listing on a US exchange	16/12/2022	30/11/2027
2,250,000	Vest upon the Company achieving an audited $10 million in Revenue from third parties in any financial year prior to the expiry date	16/12/2022	30/11/2027
2,250,000	Vest upon the Company achieving an audited $20 million in Revenue from third parties in any financial year prior to the expiry date	16/12/2022	30/11/2027

	Balance 01 July 2022	Additions	Converted	Expired	Balance 30 June 2023
Niall Cairns	6,800,000	3,000,000	-	-	9,800,000
Craig Cooper	6,800,000	3,000,000	-	-	9,800,000
King Nelson	350,000	-	-	-	350,000
Jarrod White	2,100,000	750,000	-	-	2,850,000
Lesa Musatto	-	-	-	-	-
Total	**16,050,000**	**6,750,000**	**-**	**-**	**22,800,000**

	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
Jarrod 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**

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

- Current agreement commenced on 1 September 2021.
- 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 September 2021.
- Monthly consulting fee for strategic review and consulting services of A$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.

Jarrod White – Director (resigned 26 September 2023)

- Current agreement commenced with an effective date of 21 May 2020.
- Base salary of A$35,000 per annum.
- 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 A$35,000 in shares for this reporting year in addition to the arms' length services paid to Traverse Accountants Pty Ltd.

Lesa Musatto – Non-Executive Director (resigned 18 October 2023)

- Appointed on 26 April 2022
- During the year, Ms Musatto received 150,000 vested options in lieu of cash payment for services rendered.

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 during the financial years ended 30 June 2023 and 2022 commencing at the beginning of the financial year and thereafter 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, 8 November 2023

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Australia

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF CARDIEX LIMITED

As lead auditor of CardieX Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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.

Tim Aman
Director

BDO Audit Pty Ltd
Sydney

8 November 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note		2023		2022
Revenue	2	$	4,604,284	$	4,066,982
Other income	3		1,411,884		1,399,935
Total revenue & other income			**6,016,168**		**5,466,917**
Expenses					
Cost of goods sold			(905,849)		(1,006,703)
Bad debts expense			10,513		(373)
Marketing and sales expense			(1,272,099)		(1,540,278)
Product development and regulatory expense			(3,908,272)		(2,376,723)
Occupancy expense			(293,467)		(341,339)
Employee benefits expense			(9,879,027)		(7,759,255)
Share based payments expense	4		(2,067,699)		(2,010,500)
Administration expense			(2,726,428)		(1,738,425)
US listing expense			(3,292,403)		-
Interest expense			(408,469)		(227,945)
Fair value loss			(159,904)		(275,010)
Total expenses			**(24,903,104)**		**(17,276,551)**
Net loss before income tax expense			**(18,886,936)**		**(11,809,634)**
Income tax expense	5		-		-
Net loss for the period		**$**	**(18,886,936)**	**$**	**(11,809,634)**
Other comprehensive loss for the period, net of tax – Exchange differences on translation to the presentation currency			(118,695)		(20,247)
Total comprehensive loss for the period attributable to the members of CardieX Limited		**$**	**(19,005,631)**	**$**	**(11,829,881)**
Loss per share attributable to the members of CardieX Limited.:					
Basic and diluted loss per share (cents)[1]	7	$	(14.5)	$	(11.5)
Diluted loss per share (cents)[1]	7	$	(14.5)	$	(11.5)

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

[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 weighted average number of ordinary shares has been adjusted accordingly so that the basic and diluted loss per share are comparable.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	30 Jun 2023	30 Jun 2022
Assets			
Current assets			
Cash and cash equivalents	8	$ 716,319	$ 1,455,590
Trade and other receivables	9	2,239,241	813,138
Inventory	10	1,661,896	994,774
Financial assets	14	5,792,386	-
Other current assets	11	1,433,279	1,566,218
Total current assets		**11,843,121**	**4,829,720**
Non-current assets			
Property, plant and equipment	12	1,471,717	1,069,790
Intangible assets	13	633,048	320,885
Financial assets	14	510,167	6,080,309
Other non-current assets		78,636	77,160
Total non-current assets		**2,693,568**	**7,548,144**
Total assets		**$ 14,536,689**	**$ 12,377,864**
Liabilities			
Current liabilities			
Trade and other payables	15	$ 7,459,729	$ 2,224,631
Unearned revenue	16	3,041,633	877,312
Provisions	17	488,774	526,538
Financial liabilities	18	2,175,794	66,778
Lease liabilities	19	168,951	122,871
Borrowings	20	1,460,959	1,297,505
Total current liabilities		**$ 14,795,840**	**$ 5,115,635**
Non-current liabilities			
Provisions	17	6,158	1,824
Lease liabilities	19	483,096	649,092
Total non-current liabilities		**489,254**	**650,916**
Total liabilities		**$ 15,285,094**	**$ 5,766,551**
Net (liabilities) / net assets		**$ (748,405)**	**$ 6,611,313**
Contributed equity	21	$ 76,615,802	$ 67,552,468
Reserves	23	6,389,306	3,925,422
Accumulated losses		(83,753,513)	(64,866,577)
Total equity		**$ (748,405)**	**$ 6,611,313**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Contributed equity	Reserves	Accumulated losses	Total equity
Balance at 1 July 2021		**$ 59,286,666**	**$ 3,086,032**	**$ (53,665,566)**	**$ 8,707,132**
Loss after income tax expense for the period		-	-	(11,809,634)	(11,809,634)
Other comprehensive loss for the period, net of tax – *Exchange differences on translation to the presentation currency*		-	(20,247)	-	(20,247)
Total comprehensive loss for the period		**$ -**	**$ (20,247)**	**$ (11,809,634)**	**$ (11,829,881)**
Transactions with owners in their capacity as owners:					
Shares issued on conversion of options	21	7,602,431	-	-	7,602,431
Performance rights converted to shares	21	422,557	(422,557)	-	-
Conversion of convertible notes	21	270,663	(35,719)	-	234,944
Shares issued in lieu of payments to employees	21	118,965	-	-	118,965
Performance rights vesting expense	23(b)	-	1,432,148	-	1,432,148
Options vesting expense	23(a)	-	494,388	-	494,388
Costs of issuing share capital	21	(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**
Loss after income tax expense for the period		-	-	(18,886,936)	(18,886,936)
Other comprehensive loss for the period, net of tax – *Exchange differences on translation to the presentation currency*		-	(118,695)	-	(118,695)
Total comprehensive loss for the period		**$ -**	**$ (118,695)**	**$ (18,886,936)**	**$ (19,005,631)**
Transactions with owners in their capacity as owners:					
Capital placement	21	9,913,412	-	-	9,913,412
Shares issued in lieu of payments to employees	21	35,000	-	-	35,000
Shares issued in lieu of payments to suppliers	21	89,715	-	-	89,715
Performance rights vesting expense	23(b)	-	1,666,546	-	1,666,546
Options vesting expense	23(a)	-	670,140	-	670,140
Options issuable for convertible notes	23(a)	-	75,996		75,996
Costs of issuing share capital	21	(974,793)	169,897	-	(804,896)
Balance at 30 June 2023		**$ 76,615,802**	**$ 6,389,306**	**$ (83,753,513)**	**$ (748,405)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note		30 Jun 2023		30 Jun 2022
Cash flows used in operating activities					
Receipts from customers		$	5,332,700	$	4,291,582
Payments to suppliers and employees			(18,416,625)		(13,911,521)
Cash receipts from other income			363,947		300
Receipt for Research and Development Tax Incentives			723,628		468,927
Net cash used in operating activities	8	**$**	**(11,996,350)**	**$**	**(9,150,712)**
Cash flows used in investing activities					
Payments for property, plant and equipment			(57,703)		(420,986)
Payments for intangible assets			(22,573)		(17,070)
Net cash (used in)/from investing activities		**$**	**(80,276)**	**$**	**(438,056)**
Cash flows from financing activities					
Proceeds from shares issued	21		9,913,412		7,602,431
Share issue costs	21		(535,910)		(148,814)
Proceeds from issue of convertible debt	18		2,175,000		-
Borrowings received, net of transaction costs	20		800,000		1,199,285
Borrowings repaid	20		(724,923)		(1,055,591)
Convertible notes repaid	18		(66,778)		-
Finance costs			-		(26,322)
Lease principal repayments			(208,420)		(157,487)
Net cash from financing activities		**$**	**11,352,381**	**$**	**7,413,502**
Net (decrease)/increase in cash and cash equivalents			**(724,245)**		**(2,175,266)**
Cash and cash equivalents at the beginning of the fiscal period			1,455,590		3,665,259
Effects of foreign currency exchange			(15,026)		(34,403)
Cash and cash equivalents at the end of the period	8	**$**	**716,319**	**$**	**1,455,590**

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

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 8 November 2023 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 2023 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.

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 25 to the financial statements. All controlled entities have a 30 June 2023 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.

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.

As disclosed in the financial statements, the Group incurred a loss after tax of $18,886,936 (2022: $11,809,634), had a net liability position of $748,405 (2022 net asset position: $6,611,313) and had net cash outflows from operating activities of $11,996,350 for the year ended 30 June 2023 (2022: $9,150,712).

Further, following the withdrawal of the registration statement for a US IPO the Board, with the support of the Company's senior executive team and advisors, have been focused on alternative solutions to its capital raising to support its corporate strategy and which will provide enough funding and capital runway to allow the Company to both progress its new product launch initiative and execution of its overall business plan.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on whether the Group will continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities and commitments in the normal course of business and at the amount stated in the financial report.

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

- CardieX is currently underway with multiple funding initiatives for raising capital, including a placement of approximately A$5m, expected to be completed in November 2023, followed by a A$3m rights issue expected to be completed in December 2023.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

- C2 Ventures Pty Ltd, a Company jointly owned by Directors Mr Niall Cairns and Mr Craig Cooper, has entered into a funding agreement with CardieX to provide total capital of A$7,500,000, including a A$1.5m facility limit to be received during the December 2023 quarter, followed by a further A$6m facility limit to be provided during the 2024 calendar year.
- The ATCOR division reported strong sales growth for the September 2023 quarter, recorded unaudited revenue of A$1.36m, which was up 143% on the prior corresponding period. This is primarily due to strong sales performance in the US research market, due to expansion of the Group's sales lead generation activities and data-driven targeting of new customer prospects.
- CardieX continues to conduct a strategic review of its operations to reduce operating costs and streamline operations and has taken measures to reduce cash outgoings for employee benefits, as well as restructuring a number of employees' compensation plans with a structure weighted more towards shares than cash.
- CardieX is currently enforcing its contractual rights with Clinichain in relation to the cancellation of a non-cancellable clinical trial and is currently in settlement discussion to recoup all contractual payments outstanding of ~A$6.4m. A prejudgment has been received in Dutch court, and draft settlement agreements are currently in negotiation.

If the Directors are unsuccessful in achieving the above plan, or additional funds are required, alternative measures would be pursued which would include:

- Raising additional funds via either equity or debt. The Group has a successful track record of being able to raise both equity and debt financing; and

- Curtailing materially, if necessary, the Group's ongoing operating costs.

The Directors are of the opinion that the Group will be successful in managing the above matters and accordingly, they have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the consolidated financial report as at 30 June 2023.

Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

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)

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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.

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.

Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, 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 1. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

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 and Conneqt Inc is United States dollars (US$).

The functional currency of CardieX (Shanghai) Medical Technology Co., Ltd. Is Chinese Yuan (CNY).

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. and Conneqt Inc.

In determining that United States dollar (US$) is the functional currency of AtCor Medical Inc. and Conneqt Inc., management have applied judgement to assess the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions in the entities. 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.

CURRENT AND NON-CURRENT CLASSIFICATION

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

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

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

A liability is current when it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 29.

OPERATING SEGMENTS

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. As disclosed in Note 27, the Group has one operating segment.

NEW, REVISED OR AMENDED ACCOUNTING STANDARDS ADOPTED

The Group has retrospectively adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to its operations and effective for the year commencing 1 July 2022. There was no material impact on the group's financial statements on the adoption of these Standards and Interpretations.

Revised or amending Accounting Standards or Interpretations that are not yet mandatory for the year ended 30 June 2023 have not been early adopted.

OTHER SIGNIFICANT ACCOUNTING POLICIES

Other significant accounting policies for transactions and balances are disclosed throughout the notes to the consolidated financial statements.

NOTE 2. REVENUE

Revenue consists of the following:

		30 Jun 2023		30 Jun 2022
Sale of goods revenue	$	2,613,940	$	2,334,130
Lease revenue		1,121,588		1,185,293
Service revenue		556,396		395,332
Freight revenue		206,934		93,766
Royalty income		105,426		58,461
	$	**4,604,284**	**$**	**4,066,982**

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 revenue

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. The transaction price is stipulated in the sales contract. Performance obligations after the transfer of control of the goods (such as after sales service) are measured and recorded separately, as detailed in *Other revenue* below. Amounts disclosed as revenue are net of sales returns and trade discounts.

Lease revenue

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.

Service revenue

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

Freight revenue

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. Disaggregation of revenue

NOTE 3. OTHER INCOME

Other income consists of the following:

		30 Jun 2023		30 Jun 2022
Research and development tax incentive scheme	$	722,971	$	661,030
Foreign exchange gains		67,310		296,307
Interest income		257,657		432,580
Miscellaneous other income		363,946		10,018
	$	**1,411,884**	**$**	**1,399,935**

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.

NOTE 4. EXPENSES

Net loss before income tax expense includes the following specific expenses:

		30 Jun 2023		30 Jun 2022
Depreciation on plant and equipment	$	58,268	$	58,451
Depreciation on right of use assets		152,817		160,348
Amortisation of intangible assets		14,508		15,676
Share based payments		2,067,699		2,010,500

NOTE 5. INCOME TAX EXPENSE

Income tax expense consists of the following:

		30 Jun 2023		30 Jun 2022
Deferred tax expense	$	-	$	-
Current tax expense		-		-
Aggregate income tax expense	**$**	**-**	**$**	**-**

Effective tax rate reconciliation *(in thousands):*

		30 Jun 2023		30 Jun 2022
Loss before income tax expense	$	(18,886,936)	$	(11,809,634)
Tax at the statutory tax rate of 25% (2022: 25%)		(4,721,734)		(2,952,408)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:				
Other non-allowable items		2,721,599		1,096,025
Items not assessable for taxation		(239,322)		(165,257)
Items deductible for taxation but not accounting		(441,468)		(270,269)
Differences in overseas tax rates		187,852		127,355
Benefit of tax losses and temporary differences not recognised		2,493,073		2,164,555
Income tax expense	**$**	**-**	**$**	**-**

The Group has carried forward tax losses, calculated according to Australian income tax legislation of $60,275,852 (2022: $51,027,938) 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.

NOTE 5. INCOME TAX EXPENSE *(CONTINUED)*

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 $15,068,963 at 30 June 2023 (2022: $12,756,984) 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.

Accounting policy for income tax

The income tax expense for the year comprises current income tax expenses and deferred tax expenses.

Current income tax expense charged to the profit or loss in the tax payable on taxable income for the current period. Current tax liabilities are measured as the amounts expected to be paid to the relevant tax authority using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are only recognised to the extent that it is probably that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

Critical accounting judgements, estimates and assumptions

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

NOTE 6. AUDITOR REMUNERATION

		30 Jun 2023		30 Jun 2022
Remuneration of the auditor (BDO) of the Group for:				
Audit and review services for ASX and ASIC requirements for the financial year	$	60,000	$	95,000
Audit and review services in relation to the US IPO for the financial year (current and historical PCAOB audits)		460,000		-
Audit services for comfort and consent letters provided in relation to the US IPO		265,000		-
		785,000		**95,000**

NOTE 7. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following information:

		30 Jun 2023		30 Jun 2022
Reconciliation of earnings used in calculating earnings per share				
Net loss after tax	$	(18,886,936)	$	(11,809,634)

		No. of shares		No. of shares
Weighted average number of ordinary shares[1]		**130,110,549**		**103,005,388**
Basic and diluted loss per share (cents)	**$**	**(14.5)**	**$**	**(11.5)**

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. Refer to Note 23 for additional details in relation to the performance rights.

[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 weighted average number of ordinary shares has been adjusted accordingly so that the basic and diluted loss per share are comparable.

NOTE 8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

		30 Jun 2023		30 Jun 2022
Cash at bank	$	716,319	$	1,455,590
	$	**716,319**	**$**	**1,455,590**

There are no restrictions or limitations on the use of cash and cash equivalents.

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less or that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Reconciliation of Cash Flow from Operations with net loss for the period:

		30 Jun 2023		30 Jun 2022
Net loss for the year	**$**	**(18,886,936)**	**$**	**(11,809,634)**
Depreciation and amortisation expense		225,593		222,633
Share based payments expense		2,067,699		2,010,500
Interest income on convertible notes		(257,657)		(432,580)
Unrealised foreign exchange difference		(67,310)		(296,307)
Interest expense		165,401		244,150
Fair value loss		159,904		-
Other non-cash expenses		97,988		-
Change in operating assets and liabilities				
(Increase) in trade and other receivables		(1,293,164)		(257,634)
(Increase) in inventories - net		(667,122)		(550,548)
Increase in trade and other payables		5,004,329		1,149,832
Increase in unearned revenue		2,164,321		447,131
(Decrease) / increase in provisions		(33,430)		121,745
Transfer to property plant and equipment		(675,966)		-
Net cash outflow used in operating activities	**$**	**(11,996,350)**	**$**	**(9,150,712)**

NOTE 9. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following:

		30 Jun 2023		30 Jun 2022
Trade receivables	$	2,276,474	$	860,738
Less: Provision for impairment		(37,233)		(47,600)
	$	**2,239,241**	**$**	**813,138**

Provision for impairment:

		30 Jun 2023		30 Jun 2022
Balance at beginning of period	$	47,600	$	48,507
Provision for doubtful debts recognised during the year		2,446		373
Reversal of provision upon receipt of payment		(11,614)		(1,280)
Receivables written off during the year as uncollectible		(1,199)		-
Balance at end of period	**$**	**37,233**	**$**	**47,600**

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised 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 (2022: $Nil). A specific provision of $37,233 (2022: $47,600) was recognised at each financial year end.

Critical accounting judgements, estimates and assumptions

The provision for impairment of receivables and the ECL calculation assessment requires a degree of estimation and judgment. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

NOTE 10. INVENTORY

Inventories consisted of the following:

		30 Jun 2023		30 Jun 2022
Raw materials	$	775,102	$	517,013
Finished goods		886,794		477,761
Inventories	**$**	**1,661,896**	**$**	**994,774**

Accounting policy for inventories

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 judgements, estimates and assumptions

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

NOTE 11. OTHER CURRENT ASSETS

Other current assets consisted of the following:

		30 Jun 2023		30 Jun 2022
Prepaid expenses	$	665,267		816,388
Contract assets		6,735		12,179
Research and development tax incentive receivable (Note 3)		734,369		735,026
Deposits		26,908		-
Other		-		2,625
	$	**1,433,279**	**$**	**1,566,218**

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

		30 Jun 2023		30 Jun 2022
Manufacturing plant & equipment - at cost	$	474,710	$	344,867
Less: Accumulated depreciation		(356,640)		(343,123)
Manufacturing plant & equipment	**$**	**118,070**	**$**	**1,744**
Furniture, fixtures and equipment	$	566,025		517,431
Less: Accumulated depreciation		(248,107)		(197,579)
Furniture, fixtures and equipment	**$**	**317,918**	**$**	**319,852**
Devices leased to customers	$	854,907	$	299,676
Less: Accumulated depreciation		(337,047)		(219,495)
Devices leased to customers	**$**	**517,860**	**$**	**80,181**
Property under lease (right-of use asset)	$	900,417	$	892,043
Less: Accumulated depreciation		(382,548)		(224,030)
Property under lease (right-of use asset)	**$**	**517,869**	**$**	**668,013**
Property, plant and equipment	**$**	**1,471,717**	**$**	**1,069,790**

NOTE 12. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Movements:

	Manufacturing plant & equipment	Furniture, fixtures and equipment	Devices leased to customers	Property under lease (right-of use asset)	Total
Balance at 1 July 2021	**$ 2,946**	**$ 71,361**	**$ 137,425**	**$ 140,336**	**$ 352,068**
Additions	-	290,186	25,864	677,701	**993,751**
Foreign exchange differences	-	3,712	12,548	10,324	**26,584**
Disposals	-	-	-	-	**-**
Depreciation expense	(1,202)	(45,407)	(95,656)	(160,348)	**(302,613)**
Balance at 30 June 2022	**$ 1,744**	**$ 319,852**	**$ 80,181**	**$ 668,013**	**$ 1,069,790**
Additions	129,844	40,767	535,113	-	**705,724**
Foreign exchange differences	-	2,049	9,856	2,673	**14,578**
Disposals	-	-	-	-	**-**
Expenses to COGS	-	-	(107,290)	-	**(107,290)**
Depreciation expense	(13,518)	(44,750)	-	(152,817)	**(211,085)**
Balance at 30 June 2023	**$ 118,070**	**$ 317,918**	**$ 517,860**	**$ 517,869**	**$ 1,471,717**

Accounting policy for property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Plant and equipment are depreciated over their estimated useful lives using the straight-line method.

The expected useful lives of the assets are as follows:

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 residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date or when there is an indication that they have changed.

A carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These 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.

NOTE 12. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

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 judgements, estimates and assumptions

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.

NOTE 13. INTANGIBLE ASSETS

Intangible assets consisted of the following:

	30 Jun 2023	30 Jun 2022
Capitalised development costs - at cost	$ 456,747	$ 384,266
Less: Accumulated amortisation of capitalised development costs	(90,909)	(90,909)
Website costs – at cost	73,680	70,910
Less: Accumulated amortisation of website costs	(59,813)	(43,382)
Other intangible assets - at cost	253,343	-
Less: Accumulated amortisation of other intangible assets	-	-
Intangible assets	**$ 633,048**	**$ 320,885**

	Capitalised development costs	Website costs	Other intangible assets	Total
Balance at 1 July 2021	**$ 293,357**	**$ 38,221**	**$ -**	**$ 331,578**
Additions	-	-	-	-
Foreign exchange differences	-	4,983	-	**4,983**
Disposals	-	-	-	-
Amortisation expense	-	(15,676)	-	**(15,676)**
Balance at 30 June 2022	**$ 293,357**	**$ 27,528**	**$ -**	**$ 320,885**
Additions	72,481	-	253,343	**325,824**
Foreign exchange differences	-	847	-	**847**
Disposals	-	-	-	-
Amortisation expense	-	(14,508)	-	**(14,508)**
Balance at 30 June 2023	**$ 365,838**	**$ 13,867**	**$ 253,343**	**$ 633,048**

Accounting policy for capitalised development costs

Development costs on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.

NOTE 13. INTANGIBLE ASSETS *(CONTINUED)*

The costs that are eligible for capitalisation of development costs are the following:

- Engineers' compensation for time directly attributable to developing the project.
- An allocated amount of direct costs, such as overhead related to the project and the facilities they occupy.
- Costs associated with testing of the product for market.
- Patents acquisition and registration costs (patents, application fees, and legal fees).
- Other direct developing costs that are incurred to bring the product to market.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. Development costs are amortised on a straight-line basis over the period of expected future sales from the related project which is 5 years. Amortisation is recorded in profit or loss.

Critical accounting judgements, estimates and assumptions

Capitalised development costs

The Group capitalises development costs for a project in accordance with the above accounting policy. Initial capitalisation of cost is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of the benefits.

Impairment of intangible assets

The Group assesses impairment of intangible assets other than goodwill at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate several key estimates and assumptions.

NOTE 14. FINANCIAL ASSETS

Financial assets consisted of the following:

		30 Jun 2023		30 Jun 2022
Current				
inHealth Medical Services convertible note (a)	$	5,558,069	$	-
Derivative financial asset (b)		234,317		
		5,792,386		**-**
Non-current				
inHealth Medical Services investment (a)		510,167		648,461
inHealth Medical Services convertible note (a)		-		5,431,848
	$	**510,167**	**$**	**6,080,309**
Total financial assets	**$**	**6,302,553**	**$**	**6,080,309**

(a) inHealth Medical Services investment & convertible note

- 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 as there is an embedded conversion feature. It is measured at FVTPL as a single instrument to significantly reduce any measurement or recognition inconsistencies that would arise from other methods.
- 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.
- 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 A$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, incorporating all interest for the period 1 July 2021 to 28 February 2022 to the principal value of the inHealth Note totalling US$2,875,317.

NOTE 14. FINANCIAL ASSETS *(CONTINUED)*

- As at 30 June 2023, the face value of the inHealth Note was US$2,875,317 and US$229,710 in interest had accrued.
- As at 30 June 2023, the total convertible note asset was fair valued by an external expert at US$3.69m (30 June 2022: US$3.74m).
- As at 30 June 2023, the Company holds 7.64% equity in inHealth Medical Services, Inc, currently valued at A$510k (US$338k), based on an equity value of US$4.4m.
- The CardieX Board continues to closely monitor its investment, is in regular communication with inHealth, and is current considering available options as the current amendment of the Note nears maturity towards the end of the 2023 calendar year.

(b) Convertible notes issued

- In June 2023, the Company established a Converting Note Facility, of which by 30 June 2023 $1,500,000 had been received in Convertible Note subscriptions.
- These Converting Subscriptions are convertible at the discretion of the Company and is a put option of the Company that gives rise to a derivative financial asset.

NOTE 15. TRADE AND OTHER PAYABLES

Trade and other payables consisted of the following:

		30 Jun 2023		30 Jun 2022
Trade payables	$	6,592,028	$	1,940,158
Other payables		867,701		284,473
	$	**7,459,729**	**$**	**2,224,631**

Accounting policy for trade and other payables

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

NOTE 16. UNEARNED REVENUE

Unearned revenue consisted of the following:

		30 June 2023		30 June 2022
Unearned revenue	$	3,041,633	$	877,312
	$	**3,041,633**	**$**	**877,312**

Accounting policy for unearned revenue

The above unearned revenue relates to contracts where payments have been received, but revenue has not yet been recognised due to the fact revenue recognition criteria under AASB 15 has not yet been met as goods and services have not yet been provided to the customers.

NOTE 17. PROVISIONS

Provisions consisted of the following:

		30 Jun 2023		30 Jun 2022
Current				
Employee benefits	$	488,774	$	526,538
		488,774		**526,538**
Non-current				
Employee benefits		6,158		1,824
	$	**6,158**	**$**	**1,824**
Total provisions	**$**	**494,932**	**$**	**528,362**

NOTE 17. PROVISIONS *(CONTINUED)*

Accounting policy for 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.

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.

NOTE 18. FINANCIAL LIABILITIES

Financial liabilities consisted of the following:

		30 Jun 2023		30 Jun 2022
Convertible note liabilities				
Host contract debt liability	$	1,680,008	$	66,778
Derivative financial liability	$	495,786	$	-
	$	**2,175,794**	**$**	**66,778**

In June 2023, the Company established a Convertible Note Facility, of which by 30 June 2023 $1,500,000 had been received in Convertible Note subscriptions and $675,000 received in Converting Note subscriptions. Key terms of the Convertible Note Facility are:

- 10% interest rate paid quarterly.
- Conversion (subject to shareholder approval):
  - Convertible Notes convert at the holder's option.
  - Converting Notes convert at the Company's option, at the next capital raising (Australia or another jurisdiction) of A$5,000,000 or more.
- Conversion Pricing:
  - The higher of the Floor Price (being the lower of $0.30 and the price of any capital raising prior to conversion); and
  - A 20% discount to the 20-day VWAP at conversion.
- Option coverage (subject to shareholder approval):
  - Convertible Notes: 1 option (exercise price of $0.45) for every $2 invested.
  - Converting Notes: 2 options (exercise price of $0.45) for every $1 invested.
- Maturity date:
  - Convertible Notes: 15 July 2024 (unless the holder elects to extend maturity on the same terms as the Converting Notes.
  - Converting Notes: 15 July 2025.The holder may also elect to redeem these Notes at any time after 15 January 2025.

The Convertible Note and Converting Note subscriptions have been classed as current liabilities as the Group expects a capital raising to be completed within the next 12 months that will meet the conversion terms as listed above.

Accounting policy for convertible notes

For the Convertible Notes, the conversion feature results in the conversion of a fixed amount of stated principal into a variable number of shares, as such it fails the 'fixed for fixed' criterion and, therefore, classified as financial liability. The value of the liability component and the derivative financial liability were determined at the date the instrument was issued.

NOTE 18. FINANCIAL LIABILITIES (*CONTNIUED*)

The fair value of the derivative financial liability at inception was calculated using a variation of the binomial option pricing model that takes into account factors specific to the convertible note agreements. As the derivative is recognised at fair value through profit or loss, a revaluation occurs at a modification date or at a reporting date.

The fair value of the host debt component at inception was calculated as the residual value after deducting the value of the derivative financial liability and costs from the face value of the convertible notes. They are subsequently measured at amortised cost using the effective interest method.

NOTE 19. LEASE LIABILITIES

Lease liabilities consisted of the following:

		30 Jun 2023		30 Jun 2022
Current	$	168,951	$	122,871
Non-current		483,096		649,092
	$	**652,047**	**$**	**771,963**

Net present value of lease liabilities:

		Less than 6 months		6 to 12 months		Between 1 and 5 years		Total
Lease payments	$	116,447	$	123,742	$	585,158	$	**825,347**
Finance charges		(38,032)		(33,206)		(102,062)		**(173,300)**
	$	**78,415**	**$**	**90,536**	**$**	**483,096**	**$**	**652,047**

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 at 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.

NOTE 20. BORROWINGS

Borrowings includes the following liabilities carried at amortised cost:

		30 Jun 2023		30 Jun 2022
R&D loan facility	$	580,959	$	1,297,505
Working capital loan facility		880,000		-
	$	**1,460,959**	**$**	**1,297,505**

R&D Loan facility

On 24 March 2022, the Company entered into a new term loan facility of $1,294,125, 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, and an initial termination date of 31 October 2022, since extended to 31 December 2023. Currently the facility attracts interest at 1.33% per calendar month (16%pa). A general security is held over the Company. $724,923 was repaid in April 2023 from the 2022 R&D refund, and the balance of the facility can be:

NOTE 20. BORROWINGS *(CONTINUED)*

- Paid out in cash with no interest or fees payable under the current facility terms following the month end of the FY2023 R&D payout; or
- Secured against the Company's FY2023 R&D refund and paid on or before the end of the extended facility term, which has been extended to 31 March 2024.

Working capital loan facility

In December 2022, wholly owned subsidiary Atcor Medical Pty Ltd entered into a short-term working capital loan facility for up to $880,000, to support product and development expansion initiatives. The facility attracts an interest rate of 1.33% per calendar month (16%p.a). The expiry of the facility was initially 30 October 2023, and subsequently extended to 31 October 2024. A general security is held over the Company. As at 30 June 2023 the facility was fully drawn, with $80,000 withheld for prepaid interest and establishment fees.

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 21. CONTRIBUTED EQUITY

Contributed equity consisted of the following:

	30 Jun 2023			30 Jun 2022		
	Shares (No)		$	Shares (No)		$
Ordinary shares	143,465,521	$	76,615,802	110,003,700	$	67,552,468
	143,465,521	**$**	**76,615,802**	**110,003,700**	**$**	**67,552,468**

Issued capital

Ordinary shares are classified as equity.

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

Movements in ordinary shares:

	Shares (No)	$
Balance as at 1 July 2021	926,038,155	59,286,666
Shares issued on exercise of options (Note 23a)	152,048,619	7,602,431
Shares issued on vesting of performance rights (Note 23b)	12,000,000	422,557
Shares issued on conversion of convertible notes	7,831,467	270,663
Shares issued in lieu of payments to employees	1,614,480	103,465
Share consolidation (a)	(989,579,021)	-
Shares issued in lieu of payments to employees post share consolidation	50,000	15,500
Cost of raising capital	-	(148,814)
Balance as at 30 June 2022	**110,003,700**	**67,552,468**
Ordinary shares issued on equity capital raise	27,734,710	8,320,412
Ordinary shares issued as a result of a share purchase plan	5,310,061	1,593,000
Shares issued in lieu of payments to suppliers	299,052	89,715
Shares issued in lieu of payments to employees	117,998	35,000
Cost of raising capital	-	(974,793)
Balance as at 30 June 2023	**143,465,521**	**76,615,802**

(a) 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 prior year number of shares has been adjusted for the share consolidation to ensure the numbers are comparable.

NOTE 21. CONTRIBUTED EQUITY (*CONTINUED)*

Terms and conditions of contributed equity

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.

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.

NOTE 22. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

Capital managed by the Board comprises contributed equity totaling $76.8 million (2022: $67.6 million). When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. Managed capital is disclosed on the face of the statement of financial position and comprises contributed equity and reserves. Management may adjust the capital structure to take advantage of favorable costs of capital or higher returns on assets. As the market is constantly changing, management may issue new shares or sell assets to raise cash, change the amount of dividends to be paid to shareholders (if at all) or return capital to shareholders.

During the fiscal period ending 30 June 2023 management did not pay a dividend and does not expect to pay a dividend in the foreseeable future. The Group encourages employees to be shareholders through the CardieX Employee Share Option Plan (ESOP).

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

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, which is Australian Dollars. 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 at follows:

	30 June 2023		30 June 2022	
	In USD	**In EUR**	**In USD**	**In EUR**
Cash and Cash Equivalents	25,816	55,184	383,109	251,694
Trade Receivables	1,388,969	44,610	405,817	56,659
Trade Payables	(3,404,735)	(9,038)	(710,333)	(4,872)

Sensitivity

Based on the financial instruments held at 30 June 2023, 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 $300,143/($272,858) (2022: $10,371/($11,408)). 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 $(22,407)/$5,946) (2022: $41,872/($46,059)).

NOTE 22. CAPITAL AND FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(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 exposure 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. Refer to Note 9 for additional information in relation to the expected credit loss (ECL) from trade receivables.

(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. The Group does not have any significant long-term borrowings other than lease liabilities (Note 19).

(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 23. RESERVES

Reserves consisted of the following:

	30 Jun 2023	30 Jun 2022
Share-based payments reserve	$ 5,871,719	$ 3,289,140
Foreign currency translation reserve	517,587	636,282
	$ 6,389,306	**$ 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.

NOTE 23. RESERVES *(CONTINUED)*

Movements in reserves were as follows:

		Share-based payments reserve	Foreign currency translation reserve	Derivative reserve	Total
		$	$	$	$
Balance at 1 July 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(a)	494,388	-	-	494,388
Performance rights converted	23(a)	(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		-	-	(35,719)	(35,719)
Other comprehensive loss		-	(20,247)	-	(20,247)
Balance at 30 June 2022		**3,289,140**	**636,282**	**-**	**3,925,422**
Performance rights vesting expense	23(b)	1,666,546	-	-	1,666,546
Options vesting expense	23(a)	670,140	-	-	670,140
Options issuable for convertible notes	23(a)	75,996			75,996
Options issued to brokers	23(a)	169,897			169,897
Other comprehensive loss		-	(118,695)	-	(118,695)
Balance at 30 June 2023		**5,871,719**	**517,587**	**-**	**6,389,306**

Share-based payments reserve

(a) Options issued as share based payments

Options on issue

	30 Jun 2023		30 Jun 2022	
	No of Options	$	No of Options	$
At the beginning of reporting period	6,580,000	1,294,880	213,555,201	800,492
Expired and lapsed options (pre share consolidation)	-	-	(11,123,249)	-
Options converted to shares (pre share consolidation)		-	(152,048,619)	-
Share consolidation	-	-	(45,103,333)	-
Free attaching options (1 for 3) as attaching to placement	4,811,122	-	-	-
Free attaching options (1 for 2) as attaching to placement	6,740,689	-	-	-
Options issued to brokers and consultants	2,909,688	438,884	-	-
Options issued to Directors	1,000,000	-	-	-
Options issue to employees	2,825,000	-	1,300,000	-
Options issuable for convertible notes		75,996		
Options vesting expense	-	401,153	-	494,388
Closing balance at reporting date	**24,866,499**	**2,210,913**	**6,580,000**	**1,294,880**

NOTE 23. RESERVES (CONTINUED)

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 employee share option plan. All figures are post share consolidation:

2023:

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired/ Forfeited during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	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	2,193,750
15-Feb-21	15-Feb-26	$0.50	400,000	-	-	-	400,000	300,000
11-Jun-21	11-Jun-26	$0.80	125,000	-	-	-	125,000	83,333
30-Jun-22	30-Jun-27	$0.80	1,300,000	-	-	-	1,300,000	533,333
16-Dec-22	16-Dec-27	$0.50	-	1,000,000	-	-	1,000,000	166,667
30-Jun-23	30-Jun-28	$0.50	-	1,825,000	-	-	1,825,000	179,167
Total			**6,580,000**	**2,825,000**	**-**	**-**	**9,405,000**	**5,286,250**
Weighted average exercise price ($)			0.70	0.50	-	-	0.64	0.66

2022:

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired/ Forfeited during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	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

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.

NOTE 23. RESERVES (CONTINUED)

The model inputs for options granted during the year ended 30 June 2023 included:

Grant Date	Number issued	Exercise price	Term	Share price at grant date	Share price volatility	Expected dividend yield	Risk-free interest rate
16 December 2022	1,000,000	$0.50	5 years	$0.31	77%	0.00%	3.42%
30 June 2023	1,825,000	$0.50	5 years	$0.16	75%	0.00%	3.79%

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	1,300,000	$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.

(b) Performance rights

Performance rights on issue

	30 Jun 2023		30 Jun 2022	
	No of Rights	$	No of Rights	$
At the beginning of reporting period	16,050,000	1,994,260	196,500,000	1,593,292
Issued under Performance Rights Plan	6,750,000	-	-	-
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	-	1,666,546	-	1,432,148
Transfer to retained earnings	-	-	-	(35,591)
Share consolidation	-	-	(144,450,000)	-
Closing balance at reporting date	**22,800,000**	**3,660,806**	**16,050,000**	**1,994,260**

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

- 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.
- 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.
- no individual has yet received securities under this scheme; and
- no loans or other financial assistance have or will be made by the Company in connection with the issue of the relevant Performance Rights.

NOTE 23. RESERVES (CONTINUED)

Details of performance rights relating to Directors that were issued with shareholder approval on 16 December 2022 under the Company's Performance Rights and Options Plan are as follows:

Number of performance rights	Vesting conditions	Issue Date	Expiry Date
2,250,000	Vest upon the Company successfully achieving a Secondary Listing on a US exchange	16/12/2022	30/11/2027
2,250,000	Vest upon the Company achieving an audited $10 million in Revenue from third parties in any financial year prior to the expiry date	16/12/2022	30/11/2027
2,250,000	Vest upon the Company achieving an audited $20 million in Revenue from third parties in any financial year prior to the expiry date	16/12/2022	30/11/2027

(c) 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:

		30 Jun 2023		30 Jun 2022
Rights issued under Option and Performance Rights Plan	$	1,666,546	$	1,397,138
Options issued under Employee Share Option Plan		401,153		494,397
Shares issued in lieu of payments to employees		-		118,965
	$	**2,067,699**	**$**	**2,010,500**

Accounting policy for share-based payments

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 profit or loss and other comprehensive income 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.

NOTE 24. 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.

NOTE 24. FAIR VALUE MEASUREMENT *(CONTINUED)*

2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Convertible notes	-	-	5,558,069	**5,558,069**
Derivative financial assets			234,317	**234,317**
Shares at FVTPL	-	-	510,167	**510,167**
Total Assets	**-**	**-**	**6,302,553**	**6,302,553**
Liabilities				
Convertible notes	-	-	2,175,794	**2,175,794**
Total Liabilities	**-**	**-**	**2,175,794**	**2,175,794**

2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Convertible notes	-	-	5,431,848	**5,431,848**
Shares at FVTPL	-	-	648,461	**648,461**
Total Assets	**-**	**-**	**6,080,309**	**6,080,309**
Liabilities				
Convertible notes	-	-	66,778	**66,778**
Total Liabilities	**-**	**-**	**66,778**	**66,778**

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 2022, and 30 June 2023, which used a Monte Carlo Simulation to value the assets.
- Derivative financial assets (Level 3) – the embedded derivative of the Converting Subscriptions are valued as a put option using the Binomial Method.
- 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 1 July 2021	**642,392**	**4,937,483**	**-**	**5,579,875**
Interest income	-	382,671	49,609	432,280
Foreign exchange 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**
Interest income	-	256,188	-	256,188
Foreign exchange adjustment	-	125,960	-	125,960
Fair value adjustment	(138,294)	(255,927)	-	(394,221)
Balance at 30 June 2023	**510,167**	**5,558,069**	**-**	**6,068,236**

NOTE 24. FAIR VALUE MEASUREMENT *(CONTINUED)*

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.

NOTE 25. RELATED PARTY TRANSACTIONS

Subsidiaries

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

Name	Country of incorporation	Beneficial interest (%)*	
		30 Jun 2023	30 Jun 2022
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.*

Key Management Personnel Compensation

	Salary and directors fees	Share Based Payment Benefits	Total
	$	$	$
2023			
Niall Cairns	300,000	706,996	1,006,996
Craig Cooper	772,175	706,996	1,479,171
King Nelson	74,247	41,405	115,652
Jarrod White	92,800	259,310	352,110
Lesa Musatto	-	36,212	36,212
Total Compensation	**1,239,222**	**1,750,919**	**2,990,141**
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
Jarrod White	116,500	187,489	303,989
Lesa Musatto (Appointed 26 April 2022)[1]	-	-	-
Total Compensation	**1,148,836**	**1,216,984**	**2,365,820**

1. Lesa Musattp received no remuneration in FY2022 as her remuneration is payable in the form of options, which were subject to shareholder approval at the 2022 AGM held on 30 November 2022.

NOTE 25. RELATED PARTY TRANSACTIONS *(CONTINUED)*

Shares held by key management personnel and their associates

	Balance 01 July 2022	Additions	Balance 30 June 2023
Niall Cairns	23,559,394	3,075,000[1]	26,634,394
Craig Cooper	23,099,394	3,025,000[1]	26,124,394
King Nelson	15,385	-	15,385
Jarrod White	576,551	452,329	1,028,880
Lesa Musatto	-	-	-
Total	**47,250,724**	**6,552,329**	**53,803,053**

[1]A total of 3,025,000 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.

	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
Jarrod White	4,857,577	907,933	(5,188,959)	576,551
Lesa Musatto	-	-	-	-
Total	**364,095,443**	**108,411,777**	**(425,256,496)**	**47,250,724**

[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.

Options held by key management personnel and their associates

	Balance 01 July 2022	Expired	Additions	Balance 30 June 2023
Niall Cairns	150,000	-	1,000,000	1,150,000[3]
Craig Cooper	150,000	-	1,000,000	1,150,000[3]
King Nelson	150,000	-	500,000	650,000
Jarrod White	150,000	-	111,444	261,444
Lesa Musatto	-	-	500,000	500,000
Total	**600,000**	**-**	**3,111,444**	**3,711,444**

[3]Directors Mr. Cairns and Mr. Cooper hold 1,150,000 options indirectly through C2 Ventures Pty Limited, of which they are both directors.

NOTE 25. RELATED PARTY TRANSACTIONS *(CONTINUED)*

	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
Jarrod 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.

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 16,050,000 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	A$0.12	11/12/2023
Tranche 2	1,100,000	A$0.15	11/12/2023
Tranche 3	2,450,000	A$0.20	11/12/2023
Tranche 4	5,700,000	A$0.25	11/12/2023
Tranche 5	5,700,000	A$0.50	11/12/2023

On 30 November 2022, 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 6,750,000 and expire on 30 November 2027. The terms of the Director rights on issue are as follows:

Number of performance rights	Vesting conditions	Issue Date	Expiry Date
2,250,000	Vest upon the Company successfully achieving a Secondary Listing on a US exchange	16/12/2022	30/11/2027
2,250,000	Vest upon the Company achieving an audited $10 million in Revenue from third parties in any financial year prior to the expiry date	16/12/2022	30/11/2027
2,250,000	Vest upon the Company achieving an audited $20 million in Revenue from third parties in any financial year prior to the expiry date	16/12/2022	30/11/2027

	Balance 01 July 2022	Additions	Converted	Expired	Balance 30 June 2023
Niall Cairns	6,800,000	3,000,000	-	-	9,800,000
Craig Cooper	6,800,000	3,000,000	-	-	9,800,000
King Nelson	350,000	-	-	-	350,000
Jarrod White	2,100,000	750,000	-	-	2,850,000
Lesa Musatto	-	-	-	-	-
Total	**16,050,000**	**6,750,000**	**-**	**-**	**22,800,000**

NOTE 25. RELATED PARTY TRANSACTIONS *(CONTINUED)*

	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
Jarrod 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**

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

- Current agreement commenced on 1 September 2021.
- 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 September 2021.
- Monthly consulting fee for strategic review and consulting services of A$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.

Jarrod White – Director (resigned 26 September 2023)

- Current agreement commenced with an effective date of 21 May 2020.
- Base salary of A$35,000 per annum.
- 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 A$35,000 in shares for this reporting year in addition to the arms' length services paid to Traverse Accountants Pty Ltd.

Lesa Musatto – Non-Executive Director (resigned 18 October 2023)

- Appointed on 26 April 2022
- During the year, Ms Musatto received 150,000 vested options in lieu of cash payment for services rendered.

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 during the financial years ended 30 June 2023 and 2022 commencing at the beginning of the financial year and thereafter up to the date of this report.

NOTE 26. EVENTS AFTER THE REPORTING PERIOD

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

- On 28 August 2023, CardieX held an Extraordinary General Meeting to approval multiple resolutions, including the following:
  - (i) approval to issue a total of 3,000,000 Convertible Notes to investors, and a further 1,100,000 Convertible Notes to related parties. Each Note has a face value of A$1, with interest payable at 10% per annum payable quarterly in cash, and has a maturity date of 15 July 2025. 1,500,000 of the Notes require written approval from investors in order to obtain a conversion notice.
  - (ii) approval to issue up to 3,750,000 Convertible Note Options to investors, and 2,200,200 Convertible Note Options to related parties. All Convertible Note Options are exercisable at A$0.45 and each expiring on 31 August 2026.
  - (iii) approval to issue 138,000,000 new shares pursuant to a capital raising.
- On 31 August 2023, CardieX announced that it had updated its Share Trading Policy.
- On 12 September 2023, CardieX provided an update in relation to its Convertible Note Facility. 3,620,000 Notes, together with 4,990,000 Convertible Note Options had been issued to date, increasing the total amount raised to date of A$3.62m.
- On 26 September 2023, CardieX announced that it its securities were placed into a voluntary trading halt, subject to the release of an announcement.
- On 28 September 2023, it was announced that the securities of CardieX Limited were suspended from quotation immediately under Listing Rule 17.2, pending the release of an announcement regarding its capital raising and annual report for the year ended 30 June 2023.
- On 28 September 2023, CardieX announced that it has withdrawn its registration statement of the Form F-1 registration statement (the “F1”) with the U.S. Securities and Exchange Commission (the “SEC”). At the time of withdrawal, CardieX had made multiple filings of the F1 and had cleared all comments from the SEC and Nasdaq. The withdrawal was required due to CardieX’s lead book-running manager for the offering, Roth Capital Partners, LLC, notifying the Group that it was unable to execute the underwriting agreement required to make the registration effective with the SEC.
- On 28 September 2023, it was announced that Mr Jarrod White had tendered his resignation as Executive Director of the Company, effective 26 September 2023.
- On 4 October 2023, CardieX released a Corporate and Operating Update, including the following:
  - (i) September quarter 2023 sales update.
  - (ii) The award of a $325,000 cash prize from the US National Institutes of Health’s (NIH) Rapid Acceleration of Diagnostics (RADx®).
  - (iii) details in relation to the cancelled clinical trial contract with Clinichain, noting CardieX was enforcing its contractual rights and is currently in settlement discussions to coup all contractual payments outstanding of ~A$6.4m.
- On 19 October 2023, CardieX announced that Ms Lesa Musatto had tendered her resignation as Independent Non-Executive Director of the Company, effective 18 October 2023.
- On 30 October 2023, CardieX announced its Annual General Meeting will be held at 9.30am AEDT on Thursday, 30 November 30 2023.
- On 3 November 2023, CardieX entered into a funding agreement with, C2 Ventures Pty Ltd, a Company jointly owned by Directors Mr Niall Cairns and Mr Craig Cooper. The funding agreement provides that C2 Ventures will provide total capital of A$7,500,000, including a A$1.5m facility limit to be received during the December 2023 quarter, followed by a further A$6m facility limit to be provided during the 2024 calendar year.
- On 7 November 2023, CardieX entered into a Promissory Note with Wilson Sonsini Goodrich & Rosati, Professional Corporation for a principal sum of US$1,500,000. This amount reflects the balance owing of US legal fees in relation to the US listing, post a credit received of US$731,950. The Promissory Note attracts an interest rate of 5.5% and is repayable on the earliest of:
  - (i) 20 April 2025;
  - (ii) the closing of debt financing or equity financing of CardieX after 1 January 2024, the gross proceeds of which equal or exceeds US$6,000,000;
  - (iii) the closing of a change of control transaction;
  - (iv) the Company becomes cash flow positive and is in a position to make payment of the outstanding invoices;
  - (v) upon the occurrence of an event of default.
- On 8 November 2023, CardieX entered into an agreement to extend the maturity date of its working capital facility with Mitchell Asset Management from 30 October 2023 to 31 October 2024, and also extend its R&D loan facility from 31 December 2023 to 31 March 2024.

NOTE 26. EVENTS AFTER THE REPORTING PERIOD *(CONTINUED)*

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

NOTE 27. OPERATING SEGMENTS

In the 2023 financial year, the Group operated in one operating segment and has identified only one reportable segment being sales of cardiovascular devices and services to hospitals, clinics, research institutions and pharmaceutical companies.

Note 2 contains detailed information in relation to the Consolidate Group's product and services.

Geographically, the Group prepares information based on the location of its customers, being:

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

Geographical information:

2023	Americas	Europe	Asia Pacific	Inter-segment eliminations/ unallocated	Consolidated
	$	$	$	$	$
Sales to external customers	3,495,752	427,298	681,234	-	4,604,284
Intersegment sales	-	-	4,306,337	(4,306,337)	-
Total sales revenue	3,495,752	427,298	4,987,571	(4,306,337)	4,604,284
Other income	189,443	-	1,222,441	-	1,411,884
Total segment revenue/income	3,685,195	427,298	6,210,012	(4,306,337)	6,016,168
Segment loss before income tax	(6,284,080)	328,563	(10,081,222)	(2,850,197)	(18,886,936)
Income tax expense					-
Loss for the year					(18,886,936)
Segment assets	17,148,504	-	81,746,388	(84,358,203)	14,536,689
Segment liabilities	48,472,296	-	66,635,502	(99,822,704)	15,285,094

2022	Americas	Europe	Asia Pacific	Inter-segment eliminations/ unallocated	Consolidated
	$	$	$	$	$
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
Other income	162	-	1,399,773	-	1,399,935
Total segment revenue/income	3,168,419	472,029	2,871,788	(1,045,319)	5,466,917
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

NOTE 27. OPERATING SEGMENTS *(CONTINUED)*

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 2023 (2022: $NIL).

Disaggregation of revenue

2023	Americas	Europe	Asia Pacific	Consolidated
	$	$	$	$
Sale of goods	1,626,455	416,594	570,891	2,613,940
Lease revenue	1,121,588	-	-	1,121,588
Service revenue	553,486	1,615	1,295	556,396
Freight revenue	194,223	9,089	3,622	206,934
Royalty income	-	-	105,426	105,426
Total sales revenue	3,495,752	427,298	681,234	4,604,284
Other income	189,443	-	1,222,441	1,411,884
Total revenue/income	3,685,195	427,298	1,903,675	6,016,168

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
Other income	162	-	1,399,773	1,399,935
Total revenue/income	3,168,419	472,029	1,826,469	5,466,917

NOTE 28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group has no other material contingent liabilities or contingent assets as at 30 June 2023 (30 June 2022: $Nil).

NOTE 29. PARENT ENTITY INFORMATION

		30 Jun 2023		30 Jun 2022
Current assets	$	40,726,341	$	1,355,562
Total assets	**$**	**41,941,591**	**$**	**35,691,871**
Current liabilities		12,663,848		1,836,433
Total liabilities	**$**	**13,820,675**	**$**	**12,308,260**
Net Assets	**$**	**28,120,916**	**$**	**23,383,611**
Contributed equity	$	83,073,092	$	74,009,758
Reserves		5,871,718		3,289,139
Accumulated losses		(60,823,894)		(53,915,286)
Total shareholders' equity	**$**	**28,120,916**	**$**	**23,383,611**
Loss of the parent entity	**$**	**(6,908,608)**	**$**	**(2,704,052)**
Total comprehensive loss of the parent entity	**$**	**(6,908,608)**	**$**	**(2,704,052)**

NOTE 29. PARENT ENTITY INFORMATION *(CONTINUED)*

Guarantees entered into by the parent entity

No guarantees have been entered into by the parent entity during FY2023 or FY2022.

Commitments and contingent liabilities of the parent entity

See Note 28 for details on contingent liabilities of the parent entity.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages ***20 to 56,*** 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 2023 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 2023;
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 14 to 18 of the Directors' Report (as part of the Audited Remuneration Report) for the year ended 30 June 2023, 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, 8 November 2023

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Australia

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 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 2023 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 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

Key audit matter	*How the matter was addressed in our audit*
The Group carries investments in convertible notes and shares, classified at fair value through profit and loss, totalling $6,068,236 as at 30 June 2023 (30 June 2022: $6,080,309), as disclosed in Note 14 to the financial statements. The financial assets at fair value through profit and loss is a key audit matter due to: • 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.	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. Our procedures included, amongst others: • 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 2023, 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 14 to 18 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of CardieX Limited, for the year ended 30 June 2023, 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

BDO

Tim Aman
Director

Sydney, 8 November 2023

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 8 November 2023

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	421	225,963	0.16%
above 1,000 up to and including 5,000	760	2,058,698	1.43%
above 5,000 up to and including 10,000	324	2,484,895	1.73%
above 10,000 up to and including 100,000	681	23,363,103	16.26%
above 100,000	195	115,550,865	80.42%
Totals	**2,381**	**143,683,524**	**100.00%**

There is a total of 143,683,524 fully paid ordinary shares on issue, all of which are listed on the ASX.

Voting Rights

At shareholder 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.

Unmarketable parcels

There were 985 shareholders holding less than a marketable parcel totaling 1,415,854 shares as at 8 November 2023, which is less than a marketable parcel of shares in CardieX at $0.135 per share. Under the ASX Listing Rules, any shareholding values at less than $500 is considered to be un unmarketable parcel.

Top 20 Holdings as at 8 November 2023

Holder Name	Balance at 28 Sep 2022	%
C2 VENTURES PTY LIMITED	25,524,394	17.76%
MR DARRYL PATTERSON & MRS MARGARET STEWART PATTERSON	9,401,242	6.54%
MR JOHN CHARLES PLUMMER	4,000,000	2.78%
MR PAUL JOSEPH COZZI	3,997,000	2.78%
TOWNS CORPORATION PTY LTD <PAE FAMILY A/C>	3,014,522	2.10%
CITICORP NOMINEES PTY LIMITED	2,977,222	2.07%
MR MICHAEL JOHN KEIL & MRS JOANNE LEE KEIL <THE KEIL A/C>	2,188,000	1.52%
CB CO PTY LTD <THE CURRAN SUPERANNUATION FUND A/C>	1,547,000	1.08%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	1,309,011	0.91%
AVGARD NOMINEES PTY LTD <AVGARD SUPER FUND A/C>	1,260,000	0.88%
MICHAEL S YEP PTY LTD <STAFF SUPER FUND A/C>	1,237,775	0.86%
MR PAUL COZZI	1,200,000	0.84%
DIXSON TRUST PTY LTD	1,166,668	0.81%
PROF MICHAEL FRANCIS O'ROURKE	1,156,733	0.81%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,132,480	0.79%
MR JON PHILIPPE WEBSTER	1,100,000	0.77%
DEWRANG INVESTMENTS PTY LTD <KELLY FAMILY SUPER FUND A/C>	1,071,109	0.75%
PLAUCS PTY LTD	1,050,000	0.73%
KEIL INVESTMENTS PTY LTD <THE KEIL PRIV PEN FUND A/C>	1,043,667	0.73%
TRAVERSE ACCOUNTANTS PTY LTD	1,028,880	0.72%
Total	**66,405,703**	**46.22%**

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	25,524,394	17.76%
MR DARRYL PATTERSON & MRS MARGARET STEWART PATTERSON	9,401,242	6.54%

Restricted Securities

The Company has no securities which are Restricted Securities as at 8 November 2023.

Utilisation of Cash for Business objectives

The Company confirm that it has used cash and cash equivalents held at the time of listing in a way consistent with stated business objectives.

Company Secretary:

Louisa Ho

Registered Office and Principal Place of Business

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