

EMVision Annual Report 2021



CEO & Chairman's Letter

Dear Fellow Shareholders,

On behalf of the Board, we are pleased to present the 2021 Annual Report to shareholders.

EMVision is well on the way to achieving our vision of becoming a global leader in point-of-care imaging. This year we made strong strides in this direction by advancing our technology towards game changing products. Our promising clinical studies provide a platform for us to progress towards the expanded clinical trials and ultimately towards regulatory submissions and to market.

Our team, working alongside the research team at the University of Queensland and our clinical collaborators, has achieved a number of important milestones. From our first stroke patient images to the encouraging stroke classification and localization data from our study, to the important breakthroughs in dielectric mapping and pulsatility, the imaging quality and functionality of our technology is rapidly advancing. The build of our 1st Gen scanner is an incredibly exciting milestone. Our 1st Gen scanner can acquire data in under 30 seconds, reconstruct images in a few minutes and does not require any contrast agents. It's very light, portable and easy to use, meaning it has potential to offer a faster and more accessible neuroimaging solution for time-sensitive medical emergencies. Our technology has the potential to truly change the landscape of stroke care. We are now taking our 1st Gen device through various tests as we prepare for expanded clinical studies. Our engagement with regulatory bodies including the FDA had been positive to date, and we look forward to the outcome of our recent Breakthrough Device Designation application. Equally our engagement with existing and prospective industry partners has been encouraging.

We continue to build our internal capabilities, and now have a team of over 20 engineers based at our facility in Macquarie Park, NSW. Their expertise in developing products to international medical device standards and their passion for technological innovation will be instrumental in our journey to ultimately deploy our portable and accessible neuroimaging products globally.

CEO & Chairman's Letter

We are incredibly proud to be playing a key role in the Australian Stroke Alliance's program to address an unmet clinical need and to deliver urgent stroke care for all Australians. Members of the Alliance have been instrumental in advancing innovative treatments in stroke in recent decades, and now through our partnership we are planning to drive a technology revolution that will see neuroimaging brought to the patient – in an ambulance – by road or air. The Australian Stroke Alliance will create a template with global reproducibility. The potential for truly global health impact is enormous.

We have achieved a lot in a relatively short time having met our milestones as anticipated. We will continue to focus on returning shareholder value by keeping our objectives in clear sight and meeting them in a transparent manner.

This will be another exciting year for EMVision as we continue to advance towards larger scale clinical validation and ultimately deployment of our first commercial product.

Yours faithfully

CEO and Managing Director
Dr Ron Weinberger

Ron Weinberger

Chairman
John Keep

John Keep



EMVision's 1st Gen Portable Brain Scanner



EMVision Medical Devices Ltd
Appendix 4E
Final report

1. Company details

Name of entity:	EMVision Medical Devices Ltd
ABN:	38 620 388 230
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

				\$
Revenues from ordinary activities	up	10%	to	1,795,689
Loss from ordinary activities after tax attributable to the owners of EMVision Medical Devices Ltd	up	142%	to	8,398,714
Loss for the year attributable to the owners of EMVision Medical Devices Ltd	up	142%	to	8,398,714

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2021	0.0	0.0
Interim dividend for the year ended 30 June 2021	0.0	0.0

No dividend has been declared.

Comments

Review of operations

The loss for the company for the year amounted to \$8,398,714 (2020: \$3,475,756).

During the year the company had grant income of \$280,760 (2020: \$756,270) from a Cooperative Research Centre Program ('CRCP') grant and other income of \$187,500 (2020: \$187,500) being contributions from the CRCP participants of \$137,500 (2020: \$137,500) and a Government COVID-19 PAYG rebate of \$50,000 (2020: \$50,000). During the year, the end date for the CRCP grant was extended from 31 December 2020 to 31 December 2021 with remaining grant income under the CRCP phased over this period. The company also received a cash refund during the year of \$1,280,631 (2020: \$657,707) from its R&D Tax Incentive claim for the year ended 30 June 2020. The Australian Commonwealth Government's R&D Tax Incentive program provides a cash refund on eligible research and development activities performed by Australian companies.

Operating expenses during the year \$ 10,194,402 (2020: \$5,114,187) principally related to research and developments costs associated with the EMVision Technology, employee expenses, general corporate overheads and non-cash share based payments associated with the issue of options to Directors, management and employees. Employee expenses and corporate overhead increased on the prior year with establishment of an in-house product development team and the company's office and lab facilities in Sydney. Whilst the in-house team grew, the company managed its cash prudently by reducing reliance on more expensive external contract services from the end of April 2021.

Total share based payments during the year of \$3,928,874 (2020: \$115,418) were impacted by the requirement in the accounting standards to revise the estimate of the fair value of options at the shareholder approval date. On 6 May 2020, the company granted Director Ron Weinberger 1,000,000 options over ordinary shares with an exercise price of \$1.25 and an expiry date of 6 May 2023. The significant increase in the share price from 6 May 2020 (\$0.88) to the shareholder approval date at the company's Annual General Meeting on 26 November 2020 (\$4.00) resulted in a significant increase in the fair value of these options and the amount expensed as a non-cash share based payment during the year.

Operating cash outflows for the year were \$4,494,521 (2020: \$3,255,376) an increase compared to the prior year as research and development activities grew.

EMVision Medical Devices Ltd
Appendix 4E
Final report

Investing cashflow for the year were \$127,252 (2020: Nil) with investment in plant and equipment as the company established an in-house product development team and office and lab facilities in Sydney.

Financing cash inflows for the period were \$8,902,297 (2020: \$4,281,069) as the company raised \$9,000,000 (before share issue costs) from the issue of 6,338,028 shares to sophisticated and institutional investors in July 2020 at an issue price of \$1.42 per share. Financing cashflows also included the receipt of \$617,650 from the exercise of options (2020; \$35,000) and lease repayments of \$97,667 (2020: Nil) after entering into a lease for office and lab facilities in Sydney.

The company had a net asset position at 30 June 2021 of \$10,054,049 (2020: \$5,523,924). The net asset position included a \$480,000 (2020: \$480,000) intangible asset being patents for the EMVision Technology.

As an early stage company, the company's business model is highly dependent on the achievement of continued technical development success as well as future funding, customer engagement and general financial and economic factors.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>13.29</u>	<u>7.92</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Not applicable.

7. Audit qualification or review

The financial statements have been audited and an unqualified opinion has been issued.

8. Attachments

The Annual Report of EMVision Medical Devices Ltd for the year ended 30 June 2021 is attached.

9. Signed

Signed  _____

Date: 31 August 2021

John Keep
Director

EMVision Medical Devices Ltd

ABN 38 620 388 230

Annual Report – 30 June 2021



EMVision Medical Devices Ltd
Corporate directory
30 June 2021

Directors	John Keep Tony Keane Scott Kirkland Philip Dubois Geoff Pocock Ron Weinberger
Company secretary	Emma Waldon
Registered office	BDO (QLD) Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000
Principal place of business	Suite 4.01, 65 Epping Road Macquarie Park 2113 NSW
Share register	Link Administration Services Pty Limited QV1 Building, Level 12, 250 St Georges Terrace Perth WA 6000
Auditor	BDO Audit Pty Ltd 11/1 Margaret St Sydney NSW 2000
Solicitors	HWL Ebsworth Level 20, 240 St Georges Terrace, Alluvion Perth WA 6000
Bankers	National Australia Bank 292 Pitt Street Sydney NSW 2000
Stock exchange listing	EMVision Medical Devices Ltd shares are listed on the Australian Securities Exchange (ASX code: EMV)
Website	www.emvision.com.au
Corporate Governance Statement	https://emvision.com.au/investor-announcements

EMVision Medical Devices Ltd
Directors' Report
30 June 2021

The directors present their report, together with the financial statements, of EMVision Medical Devices Ltd (referred to hereafter as the 'company') for the year ended 30 June 2021.

Directors

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

John Keep
Tony Keane
Scott Kirkland
Ryan Laws (resigned 29 September 2020)
Philip Dubois (appointed 29 September 2020)
Geoff Pocock
Ron Weinberger

Principal activities

During the financial year the principal continuing activities of the company consisted of research and development of medical imaging and diagnostic technology previously licensed and subsequently acquired from Uniquet Pty Limited ('Uniquet') (the 'EMVision Technology'), for the purpose of commercialising a portable medical device for stroke diagnosis and monitoring as well as other medical imaging needs.

Dividends

There were no dividends paid during the financial year ended 30 June 2021.

Review of operations

The loss for the company for the year amounted to \$8,398,714 (2020: \$3,475,756).

During the year the company had grant income of \$280,760 (2020: \$756,270) from a Cooperative Research Centre Program ('CRCP') grant and other income of \$187,500 (2020: \$187,500) being contributions from the CRCP participants of \$137,500 (2020: \$137,500) and a Government COVID-19 PAYG rebate of \$50,000 (2020: \$50,000). During the year, the end date for the CRCP grant was extended from 31 December 2020 to 31 December 2021 with remaining grant income under the CRCP phased over this period. The company also received a cash refund during the year of \$1,280,631 (2020: \$657,707) from its R&D Tax Incentive claim for the year ended 30 June 2020. The Australian Commonwealth Government's R&D Tax Incentive program provides a cash refund on eligible research and development activities performed by Australian companies.

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Total share based payments during the year of \$3,928,874 (2020: \$115,418) were impacted by the requirement in the accounting standards to revise the estimate of the fair value of options at the shareholder approval date. On 6 May 2020, the company granted Director Ron Weinberger 1,000,000 options over ordinary shares with an exercise price of \$1.25 and an expiry date of 6 May 2023. The significant increase in the share price from 6 May 2020 (\$0.88) to the shareholder approval date at the company's Annual General Meeting on 26 November 2020 (\$4.00) resulted in a significant increase in the fair value of these options and the amount expensed as a non-cash share based payment during the year.

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Emvision Medical Devices Ltd
Directors' report
30 June 2021

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The company had a net asset position at 30 June 2021 of \$10,054,049 (2020: \$5,523,924). The net asset position included a \$480,000 (2020: \$480,000) intangible asset being patents for the EMVision Technology.

As an early stage company, the company's business model is highly dependent on the achievement of continued technical development success as well as future funding, customer engagement and general financial and economic factors.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

On 17 August 2021, 400,000 fully paid ordinary shares were issued on the exercise of 400,000 options with an exercise price of \$0.35, raising total cash proceeds of \$140,000.

On 17 August 2021, 439,070 fully paid ordinary shares were issued on the exercise of 500,000 options with an exercise price of \$0.35. The options were exercised using a cashless exercise mechanism whereby shares to the value of the exercise premium due are given up in lieu of paying cash. The total exercise premium due to be paid on these options was \$175,000 and 60,930 shares were given up on exercise, calculated using the volume weighted average share price on the 15 trading days prior to exercise of the options (\$2.8722).

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no significant impact on the company up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on the potential impact on hospital resources and measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

Refer to 'Review of operations' for information on likely developments in the operations of the company and the expected results of operations.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

EMVision Medical Devices Ltd
Directors' report
30 June 2021

Information on directors

Name: John Keep
Title: Non-Executive Chairman
Qualifications: Bachelor Degree (Economics and Financial Studies Major) from Macquarie University
Experience and expertise: Mr John Keep has extensive public company board experience as well as senior management experience in the healthcare and hospitality sectors including managing start up enterprises and medical diagnostic companies. Mr Keep led the successful restructuring and revitalization of the radiology company Queensland Diagnostic Imaging, Queensland's leading private radiology and diagnostic imaging group and at Lemarne Healthcare, a company specialising in the detection and treatment of skin cancer. Mr Keep is a director of Queensland Symphony Orchestra Holdings Ltd and a member of that company's Finance Audit and Risk Committee.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Member of Audit & Risk Committee
Interests in shares: 1,707,500
Interests in options: 400,000

Name: Tony Keane
Title: Non-Executive Director
Qualifications: Bachelor of Science (Mathematics) degree from University of Adelaide, a Graduate Diploma in Corporate Finance from Swinburne and a Graduate of the Australian Institute of Company Directors
Experience and expertise: Mr Tony Keane is an experienced business and finance executive and holds a number of independent non-executive director and advisory board roles. Mr Keane also undertakes finance advisory and consultancy assignments for various business clients and previously held numerous roles with a major trading bank principally in business, corporate and institutional banking.

Mr Keane is currently an Independent Non-Executive Director of National Storage Holdings Ltd, the holding company established for National Storage REIT, the first independent, internally managed and fully-integrated owner and operator of self-storage centres listed on the ASX and director of Queensland Symphony Orchestra Holdings Ltd, Queensland's largest performing arts company and only professional symphony orchestra.

Other current directorships: National Storage Holdings Ltd (ASX: NSR)
Former directorships (last 3 years): None
Special responsibilities: Chair of Audit & Risk Committee and Member of Remuneration & Nomination Committee
Interests in shares: 100,000
Interests in options: 500,000

EMVision Medical Devices Ltd
Directors' report
30 June 2021

Name: Scott Kirkland
Title: Executive Director
Qualifications: Bachelor of Arts Informatics from University of Sydney
Experience and expertise: Mr Scott Kirkland has held several senior sales positions, including Head of Client Sales at Quantcast, a US-based technology company. Mr Kirkland is a co-founder of the Company and oversees its corporate affairs, commercial strategy and business development efforts. Mr Kirkland is a member of the Australian Institute of Company Directors.
Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 3,748,400
Interests in options: 600,000

Name: Philip Dubois
Title: Non-Executive Director
Qualifications: MBBS, FRCR, FRANZCR, FAICD
Experience and expertise: Dr Dubois is an imaging executive and neuroradiologist has joined the board as an independent Non-executive Director. Dr Dubois is Non-executive Director of Sonic Healthcare Limited (ASX:SHL), former CEO of their imaging division and served as Executive Director from 2001 to 2020. He is also the founder and former CEO and Chairman of Queensland X-Ray. Dr Dubois is currently an Associate Professor of Radiology at the University of Queensland Medical School. He has served on numerous government and radiology group bodies, including the councils of the Royal Australian and New Zealand College of Radiologists and the Australian Medical Association, and as Vice-President of the Australian Diagnostic Imaging Association. Dr Dubois is a Nonexecutive Director of Magnetica Limited.
Other current directorships: Sonic Healthcare Limited (ASX:SHL)
Former directorships (last 3 years): None
Special responsibilities: Member of Remuneration & Nomination Committee
Interests in shares: 47,500
Interests in options: 500,000

Name: Geoff Pocock
Title: Non-Executive Director
Qualifications: Bachelor of Science (first class honours) from University of Western Australia; Bachelor of Laws (University of Western Australia) and Post Graduate Diploma in Applied Finance and Investment from Securities Institute of Australia.
Experience and expertise: Mr Geoff Pocock has significant experience as a corporate advisor and strategy consultant advising companies on commercialisation and IP management, business development, mergers and acquisitions strategy and raising equity capital from private and public equity markets. Mr Pocock is currently the principal of Polaris Consulting (WA) Pty Ltd, is currently Non-Executive Chairman of Argenica Therapeutics Limited (AX: AGN), Executive Director of Osteopore Limited (ASX:OSX) and was formerly the Managing Director of Hazer Group Ltd (ASX: HZR), an ASX-listed cleantech chemical engineering company, commercialising a novel low cost and low emission graphite and hydrogen production process initially developed by the University of Western Australia. Mr Pocock previously spent several years as a research scientist in the biopharmaceutical industry in Australia and the United Kingdom.
Other current directorships: Argenica Therapeutics Limited (ASX: AGN), Osteopore Limited (ASX:OSX)
Former directorships (last 3 years): Hazer Group Ltd (ASX: HZR)
Special responsibilities: Chair of Remuneration & Nomination Committee and Member of Audit & Risk Committee
Interests in shares: 355,000
Interests in options: 500,000

EMVision Medical Devices Ltd
Directors' report
30 June 2021

Name:	Ron Weinberger
Title:	Managing Director and Chief Executive Officer
Qualifications:	PHD (Medical Biochemistry), BSc (Hons) Molecular Pharmacology
Experience and expertise:	Dr Weinberger has more than 20 years' experience in medical research, biotechnology and commercialization. Dr Weinberger joined Nanosonics in August 2004 and was appointed as Executive Director in July 2008 then Managing Director and Chief Executive Officer December 2011 with a period as acting CEO from May 2011. From October 2013 to February 2018, Dr Weinberger was responsible for the direction of Nanosonics' technology development and commercialisation strategy. He is co-inventor of several of Nanosonics' key technology patents.
Other current directorships:	Hera Med Ltd (ASX: HMD), Cleanspace Holdings Ltd (ASX: CSX)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	1,037,200
Interests in options:	2,000,000

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

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

Company secretary

Emma Waldon has held the role of Company Secretary since 7 August 2017. Emma has diverse corporate advisory, capital markets and corporate governance experience having held roles in accounting and debt and equity capital markets in Australia and the United Kingdom. Emma Waldon qualified as a Chartered Accountant with Ernst & Young in Perth, worked as an Equities Analyst with Euroz Securities and spent 9 years in London with Bank of Scotland and Lloyds Bank originating and re-structuring debt finance for private equity leveraged buy-outs of businesses across Europe. Emma is also Company Secretary of Argenica Therapeutics Limited (ASX: AGN).

Emma Waldon completed a Bachelor of Commerce at UWA, a Post Graduate Diploma in Applied Finance and Investment from Securities Institute of Australia and is a member of the Institute of Chartered Accountants of Australia and a Certificated Member of the Governance Institute of Australia

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
John Keep	10	10	-	-	2	2
Tony Keane	10	10	3	3	2	2
Scott Kirkland	10	10	-	-	-	-
Geoff Pocock	10	10	3	3	2	2
Philip Dubois	7	7	2	2	-	-
Ryan Laws	3	3	1	1	-	-
Ron Weinberger	10	10	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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

EMVision Medical Devices Ltd

Directors' report

30 June 2021

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

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

Principles used to determine the nature and amount of remuneration

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

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

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the company.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

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

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

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

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. Non-executive directors do not receive any retirement benefits, other than statutory superannuation.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The Aggregate fixed remuneration for all non-executive directors as determined by the Board is not to exceed \$300,000 per annum. Directors' fees cover all main board and committee activities.

The level of non-executive director fixed fees as at the reporting date are as follows:

Tony Keane	\$45,000 plus applicable GST & statutory superannuation per annum, \$5,000 plus applicable GST & statutory superannuation per annum whilst serving as Chair of the Audit & Risk Committee.
Geoff Pocock	\$45,000 plus applicable GST & statutory superannuation per annum, \$5,000 plus applicable GST & statutory superannuation per annum whilst serving as Chair of the Nomination and Remuneration Committee.
Philip Dubois	\$45,000 plus statutory superannuation per annum.

EMVision Medical Devices Ltd
Directors' report
30 June 2021

John Keep \$95,000 plus statutory superannuation per annum.

Non-executive directors may also receive performance related compensation via options following receipt of shareholder approval. The issue of share-based payments as part of non-executive director remuneration ensures that director remuneration is competitive with market standards as well as providing an incentive to pursue longer term success for the company. It also reduces the demand on the cash resources of the company and assists in ensuring the continuity of service of directors who have extensive knowledge of the company, its business activities and assets and the industry in which it operates. Details of share-based compensation are contained in this report.

Executive remuneration

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

The executive remuneration and reward framework has four components:

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

The combination of these comprises the executive's total remuneration.

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

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

Performance based short-term incentives ('STI') may be provided to executives to align the targets of the business with the targets of those executives responsible for meeting those targets.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares and options may be awarded to executives based on long-term incentive measures including increasing shareholder value. Share Based LTIs issued to Directors are subject to shareholder approval. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2021.

Use of remuneration consultants

The company has not engaged the services of any remuneration consultants during the financial year.

Voting and comments made at the company's Annual General Meeting ('AGM')

The Company received 99.62% "for" votes on its Remuneration Report for the year ended 30 June 2020.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the company are set out in the following tables.

The key management personnel of the company consisted of the following directors of EMVision Medical Devices Ltd:

- John Keep – Non-Executive Chairman
- Tony Keane - Non-Executive Director
- Scott Kirkland - Executive Director
- Geoff Pocock - Non-Executive Director
- Philip Dubois - Non-Executive Director (appointed 29 September 2020)
- Ryan Laws - Non-Executive Director (resigned 29 September 2020)
- Ron Weinberger - Executive Director (appointed 6 May 2020)

EMVision Medical Devices Ltd
Directors' report
30 June 2021

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
2021	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
John Keep	95,000	-	-	9,025	-	-	-	104,025
Tony Keane	43,333	-	-	4,117	-	-	-	47,450
Geoff Pocock	43,333	-	-	4,117	-	-	-	47,450
Philip Dubois	34,090	-	-	3,239	-	-	521,911 ²	559,240
Ryan Laws	6,250	-	-	594	-	-	-	6,844
<i>Executive Directors:</i>								
Scott Kirkland	239,646	-	-	22,766	-	-	-	262,412
Ron Weinberger	283,105	-	-	26,895	-	-	2,286,390 ¹	2,596,389
	<u>744,757</u>	<u>-</u>	<u>-</u>	<u>70,752</u>	<u>-</u>	<u>-</u>	<u>2,808,301</u>	<u>3,623,810</u>

¹ On 6 May 2020, the company granted Ron Weinberger 1,000,000 options over ordinary shares with an exercise price of \$1.25 and an expiry date of 6 May 2023 with their issue subject to any required shareholder approval at the next shareholder meeting. Shareholder approval was obtained at the company's annual general meeting on 26 November 2020. The significant increase in the share price from 6 May 2020 (\$0.88) to the shareholder approval date at the company's Annual General Meeting on 26 November 2020 (\$4.00) resulted in a significant increase in the total fair value of these options from \$82,473 on the 6 May 2020 grant date to \$2,933,782 on the shareholder approval date of 26 November 2020. The amount recognised in this financial year is a representation of the vesting period elapsed during the reporting period.

² On 29 September 2020, the company granted Philip Dubois 500,000 options over ordinary shares with an exercise price of \$3.95 and an expiry date of 29 September 2023 with their issue subject to any required shareholder approval at the next shareholder meeting. Shareholder approval was obtained at the company's annual general meeting on 26 November 2020. The significant increase in the share price from 29 September 2020 (\$2.73) to the shareholder approval date at the company's Annual General Meeting on 26 November 2020 (\$4.00) resulted in a significant increase in the total fair value of these options from \$527,944 on the 29 September 2020 grant date to \$926,996 on the shareholder approval date of 26 November 2020. The amount recognised in this financial year is a representation of the vesting period elapsed during the reporting period.

EMVision Medical Devices Ltd
Directors' report
30 June 2021

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
2020	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Tony Keane	30,000	-	-	2,850	-	-	-	32,850
Geoff Pocock	30,000	-	-	2,850	-	-	-	32,850
Ryan Laws	25,000	-	-	2,375	-	-	-	27,375
<i>Executive Directors:</i>								
John Keep	95,000	-	-	9,025	-	-	-	104,025
Scott Kirkland	205,000	-	-	19,475	-	-	-	224,475
Ron Weinberger	237,443	-	-	22,557	-	-	42,994 ^{1&2}	302,994
	<u>622,443</u>	<u>-</u>	<u>-</u>	<u>59,132</u>	<u>-</u>	<u>-</u>	<u>42,994</u>	<u>724,569</u>

¹ 1,000,000 options with a total value of \$82,473 were issued to Ron Weinberger in the prior year. The amount recognised in this financial year (\$18,528) is a representation of the vesting period elapsed during the reporting period.

² On 6 May 2020, the company granted Ron Weinberger 1,000,000 options over ordinary shares with an exercise price of \$1.25 and an expiry date of 6 May 2023 with their issue subject to any required shareholder approval at the next shareholder meeting. Shareholder approval was obtained at the company's annual general meeting in November 2020. The amount recognised in this financial year (\$24,466) is a representation of services received during the period between service commencement date and the reporting period date.

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2021	2020	2021	2020	2021	2020
<i>Non-Executive Directors:</i>						
John Keep	100%	100%	0%	0%	0%	0%
Tony Keane	100%	100%	0%	0%	0%	0%
Geoff Pocock	100%	100%	0%	0%	0%	0%
Philip Dubois	7%	0%	0%	0%	93%	0%
Ryan Laws	100%	100%	0%	0%	0%	0%
<i>Executive Directors:</i>						
Scott Kirkland	100%	100%	0%	0%	0%	0%
Ron Weinberger	12%	86%	0%	0%	88%	14%

Service agreements

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

EMVision Medical Devices Ltd
Directors' report
30 June 2021

Name: Scott Kirkland
Title: Executive Director
Agreement commenced: 12 July 2018
Term of agreement: Open
Details: Base salary of \$270,00 inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 3 month termination notice by either party. 12 month non-solicitation clause after termination.

Name: Ron Weinberger
Title: Executive Director & Chief Executive Officer
Agreement commenced: 28 May 2018 (appointed as Executive Director 6 May 2020)
Term of agreement: Open
Details: Base salary of \$320,000 inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 6 month termination notice by either party. 12 month non-solicitation clause after termination.

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

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Issue of options

On 6 May 2020, the company granted Ron Weinberger 1,000,000 options over ordinary shares with an exercise price of \$1.25 and an expiry date of 6 May 2023 and on 29 September 2020, the company granted Philip Dubois 500,000 options over ordinary shares with an exercise price of \$3.95 and an expiry date of 29 September 2023, with their issue subject to any required shareholder approval at the next shareholder meeting. Shareholder approval was obtained at the company's annual general meeting on 26 November 2020 with the options issued during the year ended 30 June 2021.

Options

The number of options over ordinary shares granted to and vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2021 are set out below:

Name	Number of options granted during the year 2021	Number of options granted during the year 2020	Number of options vested during the year 2021	Number of options vested during the year 2020
John Keep	-	-	-	-
Tony Keane	-	-	-	-
Scott Kirkland	-	-	-	-
Geoff Pocock	-	-	-	-
Philip Dubois	500,000	-	-	-
Ryan Laws	-	-	-	-
Ron Weinberger	1,000,000	-	500,000	500,000

Options granted carry no dividend or voting rights.

EMVision Medical Devices Ltd
Directors' report
30 June 2021

Additional information

The earnings of the company for the five years to 30 June 2021 are summarised below:

	2021	2020	2019	2018	2017
	\$	\$	\$	\$	\$
Revenue	1,795,689	1,638,431	1,414,438	492,667	N/A
EBITDA	(8,274,918)	(3,475,158)	(2,958,602)	(844,572)	N/A
EBIT	(8,388,877)	(3,475,158)	(2,958,602)	(844,572)	N/A
Loss after income tax	(8,398,714)	(3,475,756)	(2,959,362)	(845,040)	N/A

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

	2021	2020	2019	2018	2017
Share price at financial year end (\$)	3.01	1.34	0.365	N/A	N/A
Total dividends declared (cents per share)	-	-	-	-	N/A
Basic earnings per share (cents per share)	(11.98)	(5.6)	(6.3)	(4.1)	N/A

N/A – Not applicable as EMVision Medical Devices Ltd was incorporated on 11 July 2017 and was admitted to the Official List of the ASX on 11 December 2018.

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Additions ³	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
John Keep	1,707,500	-	-	-	1,707,500
Tony Keane	100,000	-	-	-	100,000
Scott Kirkland	3,748,400	-	-	-	3,748,400
Geoff Pocock	350,000	-	5,000	-	355,000
Philip Dubois	7,500 ²	-	40,000	-	47,500
Ryan Laws	3,312,500	-	-	-	3,312,500 ¹
Ron Weinberger	1,020,000	-	17,200	-	1,037,200
	<u>10,245,900</u>	<u>-</u>	<u>62,200</u>	<u>-</u>	<u>10,308,100</u>

¹ Shareholding on resignation as a Director on 29 September 2020.

² Shareholding on appointment as a Director on 29 September 2020.

³ On market ordinary share purchases.

Option holding

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

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
John Keep	400,000	-	-	-	400,000
Tony Keane	500,000	-	-	-	500,000
Scott Kirkland	600,000	-	-	-	600,000
Geoff Pocock	500,000	-	-	-	500,000
Philip Dubois	- ²	500,000	-	-	500,000
Ryan Laws	500,000	-	-	-	500,000 ¹
Ron Weinberger	1,000,000	1,000,000	-	-	2,000,000
	<u>3,500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>

EMVision Medical Devices Ltd
Directors' report
30 June 2021

¹ Shareholding on resignation as a Director on 29 September 2020.

² Shareholding on appointment as a Director on 29 September 2020.

There were no other transactions with key management personnel and their related parties

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of EMVision Medical Devices Ltd under option at the date of this report are as follows:

Option series	Grant date	Expiry date	Exercise price	Number under option
Series A	17/07/2018	31/12/2021	\$0.35	3,800,000
Performance Shares	25/09/2018	11/12/2023	N/A	6,000,000
Series A	07/12/2018	31/12/2021	\$0.35	800,000
Series B	01/07/2020	01/07/2022	\$0.57	400,000
Series D	01/07/2020	01/09/2023	\$1.90	400,000
Series E	29/09/2020	29/09/2023	\$3.95	200,000
Series E	26/11/2020	29/09/2023	\$3.95	500,000
Series F	21/10/2020	20/10/2024	\$4.45	750,000
Series G	26/11/2020	06/05/2023	\$1.25	1,000,000
Series H	01/02/2021	01/02/2024	\$4.50	200,000
				14,050,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of options granted:

Option series	Grant date	Expiry date	Exercise price	Number of shares issued
Series C	13/11/2020	13/11/2022	\$1.11	115,000
Series A	07/12/2018	31/12/2021	\$0.35	1,200,000
Series A	17/07/2018	31/12/2021	\$0.35	1,484,007

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

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

EMVision Medical Devices Ltd
Directors' report
30 June 2021

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 18 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 18 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

Officers of the company who are former partners of BDO Audit Pty Ltd

There are no officers of the company who are former partners BDO Audit Pty Ltd.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's independence declaration

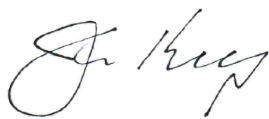
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors



John Keep
Director

31 August 2021
Brisbane

DECLARATION OF INDEPENDENCE BY LEAH RUSSELL TO THE DIRECTORS OF EMVISION MEDICAL DEVICES LTD

As lead auditor of EMVision Medical Devices Ltd for the year ended 30 June 2021, 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 EMVision Medical Devices Ltd.



Leah Russell
Director

BDO Audit Pty Ltd

Location

31 August 2021

EMVision Medical Devices Ltd

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30 June 2021

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General information

The financial statements cover EMVision Medical Devices Ltd. The financial statements are presented in Australian dollars, which is EMVision Medical Devices Ltd functional and presentation currency.

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

Registered office

BDO Audit Pty Ltd
Level, 10, 12 Creek Street
Brisbane QLD 4000

Principal place of business

Suite 4.01, 65 Epping Road
Macquarie Park NSW 2113

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

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

EMVision Medical Devices Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Income			
Grant income		280,760	756,270
R&D rebate		1,280,631	657,707
Other income		187,500	187,500
Interest income		46,797	36,954
Total income		<u>1,795,689</u>	<u>1,638,431</u>
Expenses			
Administration expenses	16	(956,831)	(727,907)
Employee expenses	17	(2,477,103)	(1,334,819)
Research and development costs		(2,707,798)	(2,935,446)
Finance costs		(9,837)	(597)
Share based payments		(3,928,874)	(115,418)
Depreciation		(113,959)	-
Total expenses		<u>(10,194,402)</u>	<u>(5,114,187)</u>
Loss before income tax expense		<u>(8,398,714)</u>	<u>(3,475,756)</u>
Income tax expense	12	-	-
Loss after income tax expense for the year		<u>(8,398,714)</u>	<u>(3,475,756)</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		<u>(8,398,714)</u>	<u>(3,475,756)</u>
		Cents	Cents
Basic earnings per share	26	(11.98)	(5.6)
Diluted earnings per share	26	(11.98)	(5.6)

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

EMVision Medical Devices Ltd
Statement of financial position
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	4	9,689,559	5,409,035
Other current assets	5	285,845	124,618
Total current assets		<u>9,975,404</u>	<u>5,533,653</u>
Non-current assets			
Intangibles	6	480,000	480,000
Plant and equipment	7	110,453	-
Right-of-use asset	8	208,199	-
Total non-current assets		<u>798,652</u>	<u>480,000</u>
Total assets		<u>10,774,056</u>	<u>6,013,653</u>
Liabilities			
Current liabilities			
Trade and other payables	9	345,384	398,593
Employee benefits	10	161,449	91,136
Lease liability	11	169,334	-
Total current liabilities		<u>676,167</u>	<u>489,729</u>
Non-current liabilities			
Lease liability	11	43,840	-
Total non-current liabilities		<u>43,840</u>	<u>-</u>
Total liabilities		<u>720,007</u>	<u>489,729</u>
Net assets		<u>10,054,049</u>	<u>5,523,924</u>
Equity			
Issued capital	13	21,400,096	11,963,508
Reserves	14	4,332,825	840,574
Accumulated losses	15	(15,678,872)	(7,280,158)
Total equity		<u>10,054,049</u>	<u>5,523,924</u>

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

EMVision Medical Devices Ltd
Statement of changes in equity
For the year ended 30 June 2021

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	7,708,635	698,960	(3,804,402)	4,603,193
Loss after income tax expense for the year	-	-	(3,475,756)	(3,475,756)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(3,475,756)	(3,475,756)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	4,254,873			4,254,873
Shares issued pursuant to the exercise of options		(8,247)	-	(8,247)
Share based payments	-	149,861	-	149,861
Balance at 30 June 2020	<u>11,963,508</u>	<u>840,574</u>	<u>(7,280,158)</u>	<u>5,523,924</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	11,963,508	840,574	(7,280,158)	5,523,924
Loss after income tax expense for the year	-	-	(8,398,714)	(8,398,714)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(8,398,714)	(8,398,714)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	8,999,964			8,999,965
Shares issued pursuant to the exercise of options	261,624	(261,624)	-	(261,624)
Share based payments	175,000	3,753,874	-	3,928,874
	Note 14			
Balance at 30 June 2021	<u>21,400,096</u>	<u>4,332,825</u>	<u>(15,678,872)</u>	<u>10,054,049</u>

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

EMVision Medical Devices Ltd
Statement of cash flows
For the year ended 30 June 2021

	Note	2021	2020
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		464,304	994,187
Payments to suppliers and employees (inclusive of GST)		(6,281,899)	(4,943,626)
Research and development tax rebate received		1,280,631	657,707
Interest received		46,797	36,954
Interest and other finance costs paid		<u>(4,354)</u>	<u>(598)</u>
Net cash (used in) operating activities	25	<u>(4,494,521)</u>	<u>(3,255,376)</u>
Cash flows from investing activities			
Payments for plant and equipment		<u>(127,252)</u>	-
Net cash provided by/ (used in) investing activities		<u>(127,252)</u>	-
Cash flows from financing activities			
Lease repayments		(97,667)	-
Proceeds from issue of shares, net of share issue costs		8,382,314	4,246,069
Proceeds from the exercise of options		<u>617,650</u>	<u>35,000</u>
Net cash provided by financing activities		<u>8,902,297</u>	<u>4,281,069</u>
Net increase in cash and cash equivalents		5,409,035	1,025,693
Cash and cash equivalents at the beginning of the financial year		<u>4,280,524</u>	<u>4,383,342</u>
Cash and cash equivalents at the end of the financial year	4	<u><u>9,689,559</u></u>	<u><u>5,409,035</u></u>

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

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations has not resulted in a significant or material change to the company's accounting policies.

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

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

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

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.

Going Concern

For the period ended 30 June 2021 the entity recorded a loss from continuing operations of \$8,398,714 and had net cash outflows from operating activities of \$4,494,521.

The ability of the company to continue as a going concern is dependent on managing cash on hand with planned research and development, receiving grant and option income and timing of any new capital raises.

These above matters give rise to a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the entity's working capital requirements as at the date of this report. Subsequent to period end the entity expects to raise additional funds via grants, an R&D Tax Incentive rebate and the exercise of "in-the-money" options. The Company also has the option to conduct a placement to new or existing investors, an industry partner or by conducting an entitlement issue with existing shareholders.

Note 1. Significant accounting policies (continued)

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The entity will comply with the requirements of the CRCP grant agreement and continue to receive funding from the Commonwealth government and the project participants;
- The entity expects to execute a Project Agreement with the Australian Stroke Alliance Limited which will provide \$8 million of grant funding in staged payments weighted to the earlier years of a 5 year program, subject to delivery of agreed milestones;
- The entity will lodge an R&D Tax Incentive claim for the year ended 30 June 2021. The Australian Commonwealth Government's R&D Tax Incentive program provides a cash refund on eligible research and development activities performed by Australian companies;
- The entity has 4,600,000 options with an exercise price of \$0.35 and an expiry date of 31 December 2021 that are significantly 'in-the-money';
- The entity is listed on the ASX which provides access to a range of alternatives to raise additional capital;
- The entity also has the ability to reduce its expenditure to conserve cash.

Should the company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Grant income

The company receives grant income from the federal government. The Company recognises the grant income when the conditions attached to the grant are satisfied and there is reasonable assurance the grant will be received.

Interest income

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

Other income

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

R&D Rebate

Research and development tax incentive income is recognised at a point in time when it is received or when the right to receive payment is established.

Note 1. Significant accounting policies (continued)

Impairment of other tangible and intangible assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

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

Current and non-current classification

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

Note 1. Significant accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's 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.

A liability is classified as current when: it is either expected to be settled in the company's 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.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

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 allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over the estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Trade and other payables

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

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits

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

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

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

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

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

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

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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

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

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

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

Note 1. Significant accounting policies (continued)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Issued capital

Ordinary shares are classified as equity.

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

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

Note 1. Significant accounting policies (continued)

Intangible assets

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

Research and development

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

Development costs are capitalised when it is probable that the project will be successful considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2021. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Company's financial statements.

Note 2. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

The company 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.

Impairment of intangibles

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using calculations which incorporate various key assumptions. All intangible assets are accounted for using the cost model whereby costs are amortised on a straight-line basis over their estimated useful lives. The company has yet to ascribe an estimated useful life of the intangibles as the patents are provisional and the technology is subject to research and development before being commercialized and available for use. Residual values and useful lives are reviewed at each reporting date.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Note 3. Operating segments

The company has considered the requirements of AASB 8 – Operating Segments and has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The company operates as a single segment being research and development of medical device technology. The board of directors review the earnings before tax and net assets of the company. There is no difference between the audited financial report and the internal reports generated for review. The company is domiciled in Australia and is currently in the development phase and hence has not begun to generate revenue from operations. All the assets are located in Australia.

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Note 4. Current assets - cash and cash equivalents

	2021	2020
	\$	\$
Cash at bank	9,514,570	5,409,035
Cash on deposit	174,989	
	<u>9,689,559</u>	<u>5,409,035</u>

Note 5. Current assets - other

	2021	2020
	\$	\$
Prepayments	168,476	43,293
GST refundable	117,369	81,325
	<u>285,845</u>	<u>124,618</u>

Note 6. Non-current assets - intangibles

	2021	2020
	\$	\$
Opening balance	480,000	480,000
Amortisation *	-	-
	<u>480,000</u>	<u>480,000</u>

* The company has yet to ascribe an estimated useful life of the intangibles for amortisation purposes as the patents are provisional and the technology is subject to research and development before being commercialized and available for use.

Under the terms of the agreement to acquire the intangible asset, the company is required to pay the vendor a royalty of 3.5% on net sales. The company is also required to pay 10% royalty on any net consideration received for the grant of sub-licences, options, marketing or distribution rights and any settlement, lost profits or damages awarded for infringement of the licenced intellectual property. Furthermore, once the Company obtains regulatory approval for a licensed product in Australia, North America or Europe, and worldwide commercial sales of 20 units of a licensed product, the company will be required to pay \$20,000 annually until the last of the patent rights comprising the licensed intellectual property expires.

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Note 7. Plant and equipment

	2021	2020
	\$	\$
Office equipment	14,218	-
Office equipment – accumulated depreciation	<u>(2,201)</u>	<u>-</u>
	12,017	-
Computer equipment	60,418	-
Computer equipment – accumulated depreciation	<u>(8,768)</u>	<u>-</u>
	51,650	-
Laboratory equipment	52,616	-
Laboratory equipment – accumulated depreciation	<u>(5,830)</u>	<u>-</u>
	46,786	-
	<u>110,453</u>	<u>-</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Office equipment \$	Computer equipment \$	Laboratory equipment \$	Total \$
Balance at 30 June 2020	-	-	-	-
Additions	14,218	60,418	52,616	127,252
Depreciation expense	<u>(2,201)</u>	<u>(8,768)</u>	<u>(5,830)</u>	<u>(16,799)</u>
Balance at 30 June 2021	<u>12,017</u>	<u>51,650</u>	<u>46,786</u>	<u>110,453</u>

Note 8. Right-of-use asset

	2021	2020
	\$	\$
Office space – right-of-use	305,348	-
Office space – accumulated depreciation	<u>(97,149)</u>	<u>-</u>
	<u>208,199</u>	<u>-</u>

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Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Total \$
Balance at 30 June 2020	-
Additions	305,348
Depreciation expense	(97,149)
Balance at 30 June 2021	<u>208,199</u>

Note 9. Current liabilities - trade and other payables

	2021 \$	2020 \$
Trade payables	193,707	319,631
Other payables	148,677	72,005
GST payable	3,000	6,957
	<u>345,384</u>	<u>398,593</u>

Note 10. Current liabilities - employee benefits

	2021 \$	2020 \$
Employee benefits	161,449	91,136
	<u>161,449</u>	<u>91,136</u>

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Note 11. Lease liabilities

	2021 \$	2020 \$
Lease liabilities - current	169,334	-
Lease liabilities – non-current	43,840	-
	<u>213,174</u>	<u>-</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Total \$
Balance at 30 June 2020	-
Additions	305,348
Lease interest expense	5,483
Lease repayments	<u>(97,657)</u>
Balance at 30 June 2021	<u>213,174</u>

Note 12. Income tax

The prima facie tax receivable on loss before income tax is reconciled to the income tax expense as follows

	2021 \$	2020 \$
Prima facie benefit on operating loss at 26.0% (2020: 27.5%)	597,554	314,691
Tax losses not brought to account	<u>(597,554)</u>	<u>(314,691)</u>
Income tax benefit attributable to operating loss	<u>-</u>	<u>-</u>

A potential deferred tax asset, attributable to tax losses carried forward, amounts to approximately \$2,783,963 (2020: \$2,153,341) and has not been brought to account at reporting date because the directors do not believe it is appropriate to regard realisation of the deferred tax asset as probable at this point in time. This benefit will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and research and development expenditure to be realised;
- the company continues to comply with the conditions for deductibility imposed by law; and no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss and research and development expenditure.

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Note 13. Equity - issued capital

	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares - fully paid	<u>72,057,797</u>	<u>63,759,832</u>	<u>21,400,096</u>	<u>11,963,508</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price \$	\$
Balance	1 July 2018	31,453,750	-	2,124,145
Issue of shares - key management personnel	17 July 2018	1,000,000	0.12	120,223
Issue of shares - key management personnel	17 July 2018	1,125,000	0.16	180,000
Issue of shares - initial public offering	7 December 2018	24,000,000	0.25	6,000,000
Share issue transaction costs, net of tax		-		(715,733)
Balance	1 July 2019	57,578,750		7,708,635
Issue of shares - placement	13 November 2019	6,081,082	0.74	4,500,001
Issue of shares - exercise of options- Series A	16 June 2020	100,000	0.35	35,000
Transfer fair value of options exercised	16 June 2020	-	-	8,247
Share issue transaction costs, net of tax		-	-	(288,375)
Balance	30 June 2020	63,759,832		11,963,508
Issue of shares - exercise of options- Series B	2 July 2020	115,000	1.11	127,650
Issue of shares - placement	30 July 2020	6,338,028	1.42	9,000,000
Issue of shares - exercise of options- Series A	14 December 2020	250,000	0.35	87,500
Issue of shares - exercise of options- Series A	17 December 2020	300,000	0.35	105,000
Issue of shares - exercise of options- Series A	18 May 2020	300,000	0.35	105,000
Issue of shares - exercise of options- Series A ¹	18 May 2020	444,937	0.39	175,000
Issue of shares - exercise of options- Series A	11 June 2020	350,000	0.35	122,500
Issue of shares - exercise of options- Series A	30 June 2020	200,000	0.35	70,000
Transfer fair value of options exercised		-	-	261,624
Share issue transaction costs, net of tax		-	-	(617,686)
Balance	30 June 2021	<u>72,057,797</u>		<u>21,400,096</u>

¹ 500,000 options were exercised by an employee using a cashless exercise mechanism whereby shares to the value of the exercise premium due are given up in lieu of paying cash. The total exercise premium due to be paid on these options was \$175,000 and 55,063 shares were given up on exercise, calculated using the volume weighted average share price on the 15 trading days prior to exercise of the options (\$3.178).

Ordinary shares

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

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

Share buy-back

There is no current on-market share buy-back.

Capital risk management

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

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

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

Note 14. Equity - reserves

	2021	2020
	\$	\$
Options reserve	4,332,825	840,574
	<u>4,332,825</u>	<u>840,574</u>

Options reserve

The option reserve records items recognised as expenses on the valuation of share options.

Movements in reserves

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

	Number	Options Reserve Total \$
Balance at 1 July 2019	<u>7,500,000</u>	<u>698,960</u>
Grant of share options ¹	-	37,056
Grant of share options ²	515,000	88,339
Grant of share options ³	-	24,466
Transfer fair value of options exercised	(100,000)	(8,247)
Balance at 30 June 2020	<u>7,915,000</u>	<u>840,574</u>
Grant of share options ^{3&4}	3,050,000	3,753,873
Transfer fair value of options exercised	<u>(2,015,000)</u>	<u>(261,624)</u>
Balance at 30 June 2021	<u>8,950,000</u>	<u>4,332,825</u>

¹ Options issued in a prior year vesting over multiple periods. All 5,500,000 options have vested by 30 June 2020.

² Options granted in the prior financial year. All 515,000 options have vested by 30 June 2020.

³ On 6 May 2020, the company granted Ron Weinberger 1,000,000 options over ordinary shares with an exercise price of \$1.25 and an expiry date of 6 May 2023 with their issue subject to any required shareholder approval at the next shareholder meeting. Shareholder approval was obtained at the company's annual general meeting on 26 November 2020. 50% of the options granted vest 12 months from the grant date and 50% vest 24 months from the grant date, if the holder has continued to be engaged under the Executive Service Agreement up to the vesting date. As at the reporting date the options have not been issued. The amount recognised in the prior year (\$24,466) is a representation of services received during the period between service commencement date and the reporting period date. The amount recognised in the current financial year is a representation of the vesting period elapsed during the reporting period.

⁴ Options granted in the current financial year. 700,000 options have vested by 30 June 2021.

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For the options granted during the current financial year, the fair value was determined by using the Black-Scholes model. The valuation model inputs used to determine the fair value at the grant date, are as follows.

Number Granted	Grant Date	Exercise price	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value per option at grant date
400,000	1-July-2020	1.90	1.56	74% ¹	0%	0.27%	0.6867
200,000	29-Sep-2020	3.95	2.73	74% ¹	0%	0.17%	1.0515
750,000	23-Oct-2020	4.45	2.92	74% ¹	0%	0.14%	1.2880
1,000,000	26-Nov-2020 ²	1.25	4.00	73% ¹	0%	0.11%	2.9338
500,000	26-Nov-2020 ²	3.95	4.00	73% ¹	0%	0.11%	1.8540
200,000	1-Feb-2021	4.50	2.76	72% ¹	0%	0.11%	0.9433

¹ The company used historic market share price data to calculate the expected volatility.

² In accordance with accounting standards, the grant date for these options issued to Directors is the shareholder approval date and not the date the company agreed to grant the options to the Director.

6,600,000 options were exercisable at the end of the financial year.

The weighted average exercise price of options outstanding at the end of the financial year was \$1.25. The weighted average fair value of options granted during the year was \$1.80. The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.17 years.

Performance Shares

On 25 September 2018, the Company issued 6,000,000 performance shares to UniQuest. The performance shares convert to ordinary shares upon achievement of certain performance milestones as follows:

(a) Class A Performance shares: 1,800,000 performance shares will vest upon the completion of the first Successful Clinical Trial for a Licensed Product on patients (excluding healthy volunteers) for head or neck.

(b) Class B Performance shares: 2,100,000 performance shares will vest upon the issue of the first regulatory approval for any Licensed Product in any of Australia, North America or Europe for the head or neck.

(c) Class C Performance shares: 2,100,000 performance shares will vest upon the completion of the Successful Pivotal Clinical Trial for a Licensed Product for the torso.

The performance shares have been ascribed a \$nil value. To date, none of the milestones for the performance shares have been met.

Note 15. Equity – accumulated losses

	2021 \$	2020 \$
Accumulated losses at the beginning of the financial year	(7,280,158)	(3,804,402)
Loss after income tax expense for the year	<u>(8,398,714)</u>	<u>(3,475,756)</u>
Accumulated losses at the end of the financial year	<u><u>(15,678,872)</u></u>	<u><u>(7,280,158)</u></u>

Note 16. Expenses - administration expenses

	2021	2020
	\$	\$
Compliance costs	106,191	69,478
Accounting fees	80,649	79,725
Legal fees	253,743	146,424
Investor relations and marketing	158,684	148,571
Corporate advisory fees	38,504	40,000
Insurance	90,292	50,010
General admin	228,768	193,699
	<u>956,831</u>	<u>727,907</u>

Note 17. Expenses - employee expenses

	2021	2020
	\$	\$
Wages & salaries	2,234,747	1,226,991
Superannuation	188,668	97,248
Payroll Tax	53,688	10,580
	<u>2,477,103</u>	<u>1,334,819</u>

Note 18. Financial risk management objectives and policies

The company's principal financial instruments comprise cash and short-term deposits.

The company manages its exposure to key financial risks, including interest rate and liquidity risk in accordance with its financial risk management policy. The objective of the policy is to support the delivery of its financial targets whilst protecting future financial security.

The company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecast for interest rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Interest rate risk

The company has a policy of minimising its exposure to interest payable on debt. The company has no debt that requires the payment of interest. The company has exposure to interest rate risk through its cash balances, however, this exposure is not considered to be significant.

Liquidity risk

Liquidity risk is managed through the company's objective to maintain adequate funding to meet its needs, currently represented by cash and short-term deposits sufficient to meet the current cash requirements.

EMVision Medical Devices Ltd
Notes to the financial statements
30 June 2021

Capital management

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2021 and 30 June 2020.

The company monitors capital with reference to the net debt position. The company's current policy is to keep the net debt position negative, such that cash and cash equivalents exceed debt.

Note 19. Key management personnel disclosures

Compensation

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

	2021	2020
	\$	\$
Short-term employee benefits	744,757	622,443
Long-term benefits	70,752	59,132
Share-based payments	2,808,301	42,994
	<u>3,623,810</u>	<u>724,569</u>

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the company, its network firms and unrelated firms:

	2021	2020
	\$	\$
<i>Audit services - BDO Audit Pty Ltd</i>		
Audit or review of the financial statements	53,955	41,000
<i>Audit services - BDO East Coast Partnership</i>		
Audit or review of the financial statements	7,500	17,038
	<u>61,455</u>	<u>58,038</u>
<i>Other services - BDO (WA) Pty Ltd</i>		
Assistance with Research & Development Tax Incentive claim	10,300	10,382
Preparation of the income tax return	8,240	8,158
Employee share scheme tax advice	-	3,000
	<u>18,540</u>	<u>21,540</u>
	<u>79,995</u>	<u>79,578</u>

EMVision Medical Devices Ltd
Notes to the financial statements
30 June 2021

Note 21. Contingent assets and liabilities

The company does not have any contingent liabilities at 30 June 2021.

The company has the following contingent assets at 30 June 2021:

- under the CRCP grant the Company is due to receive \$210,000 in cash contributions from the Australian Commonwealth Government (\$210,000 within one year) subject to the Company meeting research expenditure commitments and making satisfactory progress on the research program milestones. Funds received are required to be applied to the Company's portable brain scanner for early stroke detection and monitoring research program; and
- under the CRCP grant the Company is due to receive \$360,000 in cash contributions from the research program's partner participants, UQ, GE Healthcare Australia Pty Limited and Metro South Hospital and Health Service (\$360,000 within one year).

Note 22. Commitments

	2021	2020
	\$	\$
<i>Research services commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	277,033	-
	277,033	-

Note 23. Related party transactions

Key management personnel

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

Transactions with related parties

There were no transactions with related parties during the year.

Receivable from and payable to related parties

There were no receivables from or payables to related parties at the current reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 24. Events after the reporting period

On 17 August 2021, 400,000 fully paid ordinary shares were issued on the exercise of 400,000 options with an exercise price of \$0.35, raising total cash proceeds of \$140,000.

On 17 August 2021, 439,070 fully paid ordinary shares were issued on the exercise of 500,000 options with an exercise price of \$0.35. The options were exercised using a cashless exercise mechanism whereby shares to the value of the exercise premium due are given up in lieu of paying cash. The total exercise premium due to be paid on these options was \$175,000 and 60,930 shares were given up on exercise, calculated using the volume weighted average share price on the 15 trading days prior to exercise of the options (\$2.8722).

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no significant impact on the company up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on the potential impact on hospital resources and measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

EMVision Medical Devices Ltd
Notes to the financial statements
30 June 2021

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 25. Reconciliation of profit after income tax to net cash from operating activities

	2021	2020
	\$	\$
Loss after income tax expense for the year	(8,398,714)	(3,475,756)
Adjustments for:		
Share based payments	3,928,874	115,418
Depreciation – plant and equipment	16,800	-
Depreciation - lease	97,159	-
Interest expense - lease	5,483	-
Change in operating assets and liabilities:		
- trade and other receivables	-	50,417
- other current assets	(161,227)	24,871
- trade and other payables	(53,209)	(21,156)
- employee benefits	70,313	50,830
Net cash used in operating activities	<u>(4,494,521)</u>	<u>(3,255,376)</u>

Note 26. Earnings per share

	2021	2020
	\$	\$
Loss after income tax	<u>(8,398,714)</u>	<u>(3,475,756)</u>
Loss after income tax attributable to the owners of EMVision Medical Devices Ltd	<u>(8,398,714)</u>	<u>(3,475,756)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>70,097,275</u>	<u>61,404,020</u>
	Cents	Cents
Basic earnings per share	(11.98)	(5.6)
Diluted earnings per share	(11.98)	(5.6)

EMVision Medical Devices Ltd
Directors' declaration
30 June 2021

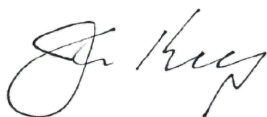
In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date;
- 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

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

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

On behalf of the directors



John Keep
Director

31 August 2021
Brisbane

EMVision Medical Devices Ltd
Shareholder Information

ASX Additional Information

The Company's ordinary shares are quoted as 'EMV' on ASX. The shareholder information set out below was applicable as at 25 August 2021

Distribution of equitable securities (ordinary shares)

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

	Number of ordinary shares	Number of holders of ordinary shares
100,001 and over	48,636,509	114
10,001 to 100,000	16,451,878	573
5,001 to 10,000	3,621,635	476
1,001 to 5,000	3,404,289	1,332
1 to 1,000	782,556	1,544
	<hr/>	
	72,896,867	4,039
	<hr/>	
Holding less than a marketable parcel	11,575	123
	<hr/>	

Equity security holders (ordinary shares)

Twenty largest quoted equity security holders

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

	Ordinary shares Number held	% of total shares issued
RYAN MICHAEL LAWS	3,350,000	4.60
MR SCOTT PHILIP KIRKLAND	3,333,400	4.57
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,800,937	2.47
TRUEBELL CAPITAL PTY LTD <TRUEBELL INVESTMENT FUND>	1,750,110	2.40
UNIQUEST PTY LIMITED	1,200,000	1.65
GLENSBURG PTY LTD <TYTO CORP PENSION FUND A/C>	1,100,000	1.51
JM STARCEVICH INVESTMENTS PTY LTD	1,089,000	1.49
DR STUART CROZIER	1,044,937	1.43
DR RONALD PETER WEINBERGER	1,017,200	1.40
MR BRYANT JAMES MCLARTY <THE MCLARTY FAMILY A/C>	1,002,500	1.38
MR MARTIN KOLEV	1,000,000	1.37
MR PAUL RAYMOND BROWN & MRS ANGELIQUE SUSAN BROWN <BROWN FAMILY A/C>	990,000	1.36
WALSH PRESTIGE PTY LTD <WALSH FAMILY A/C>	900,000	1.23
MR VINCENT MICHAEL O'SULLIVAN <O'SULLIVAN A/C>	883,000	1.21
HILLRIDGE PTY LTD	871,248	1.20
WAKIL FAMILY GROUP PTY LTD <RON TON FASHIONS P/L RP A/C>	852,437	1.17
KONG PAK LIM	805,500	1.10
PIT2 CO PTY LTD <POWER INVESTMENT 2 A/C>	741,298	1.02
WANDEERA INVESTMENTS PTY LTD <HIPPOPOTAMUS SUPERANNUATION FUND A/C>	735,000	1.01
FORZA MANAGEMENT PTY LTD <THE FORZA FUTURE A/C>	672,500	0.92
	<hr/>	
	25,139,067	34.49
	<hr/>	

EMVision Medical Devices Ltd
Shareholder Information

Unquoted equity securities

	Number on issue	Number of holders
Series A options over ordinary shares	4,600,000	10
Series B options over ordinary shares	400,000	4
Series D options over ordinary shares	400,000	1
Series E options over ordinary shares	700,000	2
Series F options over ordinary shares	750,000	1
Series G options over ordinary shares	1,000,000	1
Series H options over ordinary shares	200,000	1
Performance shares	6,000,000	1

The unlisted options over ordinary shares were issued to key management personnel, employees and contractors of the Company. The performance shares were issued to Uniquet Pty Ltd.

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Mr Scott Philip Kirkland	3,748,400	5.20%

Voting rights

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

Ordinary shares

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

There are no other classes of equity securities.

On-market Buy-back

There is no current on-market buy-back of the Company's securities in place.

INDEPENDENT AUDITOR'S REPORT

To the members of EMVision Medical Devices Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of EMVision Medical Devices Ltd (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of EMVision Medical Devices Ltd, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2021 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 Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity 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.

Basis of accounting for intangible assets

Key audit matter	How the matter was addressed in our audit
<p>During the year ended 30 June 2021, the Company has progressed its technology via trials and development of initial prototypes.</p> <p>The accounting policy for the Company's intangible asset includes judgement in determining whether the project is in the research or development phase. This determination has an impact on the treatment of the expenditures related to the project and whether they are included in the profit or loss (research phase) or capitalised to the intangible asset (development phase). There is a risk that amounts are incorrectly recognised and/or inappropriately disclosed in the financial statements and consequently it was considered a key audit matter.</p> <p>Refer to notes 1 and 3 of the financial report for a description of the accounting policy and other disclosures.</p>	<p>To address this matter, our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • Evaluating management's assessment of the criteria for entering the development stage, noting that the intangible asset has not yet demonstrated the feasibility of becoming 'available for use' under paragraph 57(a) of AASB 138 <i>Intangible Assets</i> given that feasibility trials are still underway. • Reviewed ASX announcements and correspondence with respect to status under the government grant to corroborate management's assertions with respect to the nature of work performed to date. • Considered management's conclusion that the asset is not currently available for use with respect to whether feasibility has been obtained and whether the asset should be amortised.

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 Company's ability 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 Company 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 (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar2_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 the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of EMVision Medical Devices Ltd, for the year ended 30 June 2021, 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


Leah Russell
Director

Sydney, 31 August 2021