Artrya Pty Ltd

ACN 624 005 741

Annual Financial Report

30 June 2020

Artrya Pty Ltd

Contents

For the year ended 30 June 2020

Directors' report
For the year ended 30 June 2020

The directors present their report together with the financial statements of Artrya Pty Ltd (the Company) for the financial year ended 30 June 2020, and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	***Qualifications, experience and special responsibilities***
Mr J Barrington AM MBA, B.Bus, FAICD, FAIM *Managing Director* *Appointed 24 January 2018*	Prior to co-founding Artrya, John founded and led a management consulting practice advising boards and executives across Australia on growth strategies. He also founded and was Managing Director of a data analytics company providing predictive analytics services to online, financial services and telecommunications companies across Australia and in Asia. His first career was in the information technology industry with Unisys where he held management, marketing and sales management positions. He has previously chaired a technology platform company and is currently a director of the Harry Perkins Institute of Medical Research. He was appointed a Member of the Order of Australia in 2019 and in 2017 received the Australian Institute of Company Directors NFP Award for Excellence. John is a Fellow of the Australian Institute of Company Directors and a Life Fellow of the Australian Institute of Management WA.
Mr J Konstantopoulos B.Eng *Executive Director - Product* *Appointed 24 January 2018*	John has more than 20 years of commercial and technical experience providing strategic advice to industries such as Electronics, Healthcare and Industrial globally. He has advised senior executives of some of the world's and Australia's largest corporations on product commercialisation, development and digital transformation and has driven growth in markets such as Asia, US and Europe. John has extensive experience in technical commercialisation, strategy development, product development, strategic marketing, and business development.

Mr B Ridgeway
B.Bus (Acctg), CAANZ, FAICD
Independent Chair
Appointed 8 February 2021

Bernie Ridgeway joined the Artrya Board as a Non-Executive Director in February 2021 and was appointed Non-Executive Chair April 2021. This appointment brings independence to the Board and to the Chair role. The company will benefit from Bernie's 35 years of public company experience.

Bernie was previously CEO of mining technology company Imdex Ltd, which developed technologies including artificial intelligence solutions for global markets. Under Bernie's leadership, Imdex grew from a market capitalisation of under $10m to more than $600m. During this period, Imdex revenue grew from approximately $20m generated domestically to approximately $250m with sales into over 100 countries worldwide.

Bernie is a member of the Chartered Accountants Australia & New Zealand and a Fellow of AICD.

2. Principal activities

The principal activities of the Company during the course of the financial year were the development of medical technology using artificial intelligence to more accurately identify patients at risk of coronary artery disease.

There were no significant changes in the nature of the activities of the Company during the year.

3. Operating and financial review

The Company posted a loss during the financial year ended 30 June 2020 of $1,353,895 (2019: loss of $145,674).

4. Significant changes in state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

5. Environmental regulations

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

6. Dividends

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

7. Events subsequent to reporting date

Under the Company's option program for key personnel the following share options were issued subsequent to year end:

- On 23 September 2020, 1,300,000 options were granted, of which 784,384 options vest immediately and 515,616 vest on 31 December 2021 subject to meeting performance milestones;
- On 27 November 2020, 220,000 options were granted with vesting dates between 31 December 2021 and 31 December 2024, subject to meeting performance conditions and continued employment with the Company;
- On 4 February 2021, 1,226,752 options were granted, of which 784,384 options vest immediately and 442,368 vest on 31 December 2021 subject to meeting performance milestones;
- On 23 April 2021, 500,000 options were granted and vested immediately;
- On 9 July 2021, 5,500,000 options were granted and vest subject to meeting performance milestones and continued employment with the Company.

The Company changed name from Artrya Pty Ltd to Artrya Limited on 16 April 2021 when the Company changed its status from a proprietary limited company to a public company, limited by shares.

In April 2021, the Company issued 17,045,460 shares at an issue price of $0.88 to raise $15,000,005.

In addition, the Company established a subsidiary named Artra Medical IP Pty Ltd on 23 June 2021.

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

8. Likely developments

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

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

9. Directors' interests

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the Company at the date of this report is as follows:

	Ordinary shares	*Options over ordinary shares*	*Rights over ordinary shares*
Mr J Barrington	7,340,910	5,000,000	-
Mr J Konstantopoulos	7,000,000	5,000,000	-
Mr B Ridgeway	1,113,637	2,000,000	-

10. Share options

Unissued shares under options

Options were granted in both the current and previous financial year. Options granted during the reporting period:

Expiry date	*Exercise price*	*Number of shares*
31/12/2025	$0.075	540,000

Options granted after the end of the reporting period:

Expiry date	*Exercise price*	*Number of shares*
31/12/2025	$0.056	1,300,000
31/12/2025	$0.075	1,446,752
31/12/2026	$1.000	500,000
09/07/2026	$1.000	5,500,000

At the date of this report unissued shares of the Company under option are:

Expiry date	*Exercise price*	*Number of shares*
25/03/2024	$0.001	6,000,000
31/12/2025	$0.075	1,986,752
31/12/2025	$0.056	1,300,000
31/12/2026	$1.000	500,000
09/07/2026	$1.000	5,500,000

All unissued shares are ordinary shares of the Company.

All options expire on the earlier of their expiry date or, where issued to employees, the termination of the employee's employment. These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Shares issued on exercise of options

During or since the end of the financial year, the Comapny issued ordinary shares of the Company as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

Number of shares	*Amount paid on each share*
2,000,000	$0.001

11. Indemnification and insurance of officers and auditors

Indemnification

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

Insurance premiums

The Company has not paid premiums in respect of directors' and officers' liability and legal expenses insurance for the year ended 30 June 2020. The Company has paid or agreed to pay, premiums in respect of such insurance contracts for the year ending 30 June 2021. Such insurance contracts insure against certain liability (subject to specific exclusions), persons who are or have been directors or executive officers of the Company.

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

This report is made with a resolution of the directors:

John Barrington

Managing Director

Dated at Perth this 25 day of August 2021

Artrya Pty Ltd

Statement of financial position

As at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	7	**2,228,927**	910,075
Trade and other receivables	8	**400,162**	1,508
Total current assets		**2,629,089**	911,583
Non-current assets			
Property, plant and equipment	9	**15,366**	2,955
Right-of-use assets	10	**10,782**	-
Total non-current assets		**26,148**	2,955
Total assets		**2,655,237**	914,538
Liabilities			
Current liabilities			
Trade and other payables	11	**114,162**	45,526
Loans and borrowings - related parties	12	**-**	10,488
Lease liabilities	13	**9,787**	-
Employee benefits	14	**37,604**	5,558
Total current liabilities		**161,553**	61,572
Non-current liabilities			
Lease liabilities	13	**833**	-
Total non-current liabilities		**833**	-
Total liabilities		**162,386**	61,572
Net assets		**2,492,851**	852,966
Equity			
Share capital	15	**3,977,004**	1,000,004
Accumulated losses		**(1,500,933)**	(147,038)
Share based payments reserve		**16,780**	-
Total equity		**2,492,851**	852,966

The accompanying notes form part of these financial statements

Artrya Pty Ltd

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Note	2020 $	2019 $
Other income		**408,035**	-
Accounting and audit expenses		**(64,726)**	(29,909)
Contractors		**(479,963)**	(19,458)
Depreciation and amortisation		**(11,544)**	(90)
Employee expenses		**(1,026,058)**	(88,571)
Website expenses		**(43,812)**	(1,156)
Recruitment expenses		**(18,776)**	(1,288)
Travel expenses		**(32,340)**	(603)
Legal expenses		**(34,273)**	-
Share based payments expenses		**(16,780)**	-
Other expenses		**(27,059)**	(4,589)
Results from operating activities		**(1,347,296)**	(145,664)
Finance income	5	**4**	-
Finance costs	5	**(6,603)**	(10)
Net finance loss		**(6,599)**	(10)
Loss before income tax		**(1,353,895)**	(145,674)
Income tax benefit	6	**-**	-
Loss for the year		**(1,353,895)**	(145,674)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(1,353,895)**	(145,674)

Artrya Pty Ltd

Statement of changes in equity

For the year ended 30 June 2020

	Note	Share capital $	Accumulated losses $	Share based payments reserve $	Total $
Balance at 1 July 2019		**1,000,004**	**(147,038)**	**-**	**852,966**
Total comprehensive loss for the period					
Loss for the year		**-**	**(1,353,895)**	**-**	**(1,353,895)**
Total comprehensive loss		**-**	**(1,353,895)**	**-**	**(1,353,895)**
Contributions by and distributions to owners of the Company					
Issue of share capital	15	**2,975,000**	**-**	**-**	**2,975,000**
Share options exercised	15	**2,000**	**-**	**-**	**2,000**
Equity settled share-based payments		**-**	**-**	**16,780**	**16,780**
Total contributions by owners of the Company		**2,977,000**	**-**	**16,780**	**2,993,780**
Balance at 30 June 2020		**3,977,004**	**(1,500,933)**	**16,780**	**2,492,851**

		Share capital $	Accumulated losses $	Share based payments reserve $	Total $
Balance at 1 July 2018		2	(1,364)	-	(1,362)
Total comprehensive loss for the period					
Loss for the year		-	(145,674)	-	(145,674)
Total comprehensive loss		-	(145,674)	-	(145,674)
Contributions by and distributions to owners of the Company					
Issue of share capital	15	1,000,002	-	-	1,000,002
Total contributions by owners of the Company		1,000,002	-	-	1,000,002
Balance at 30 June 2019		1,000,004	(147,038)	-	852,966

The accompanying notes form part of these financial statements

Statement of cash flows

For the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Cash paid to suppliers and employees		**(1,645,233)**	(95,933)
Cash used in operating activities		**(1,645,233)**	(95,933)
Interest received	5	**4**	-
Finance costs paid	5	**(6,071)**	(10)
Research and development tax incentive		**28,288**	-
Net cash used in operating activities	18	**(1,623,012)**	(95,943)
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	**(15,483)**	(3,045)
Net cash used in investing activities		**(15,483)**	(3,045)
Cash flows from financing activities			
Proceeds from issue of share capital	15	**2,977,000**	1,000,002
Repayment of lease liabilities		**(9,166)**	-
Repayment of loans from related parties		**(10,487)**	9,059
Net cash provided by financing activities		**2,957,347**	1,009,061
Net increase in cash held		**1,318,852**	910,073
Cash and cash equivalents at the beginning of the period		**910,075**	2
Cash and cash equivalents at the end of the period	7	**2,228,927**	910,075

Notes to the financial statements
For the year ended 30 June 2020

1 Reporting entity

Artrya Pty Ltd ("the Company") is a Company domiciled in Australia. The address of the Company's registered office is Suite 14A Level 3, 88 Broadway, Crawley WA 6009.

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

2 Basis of preparation

(a) Statement of compliance

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

This is the first set of the Company's financial statements in which AASB 16 *Leases* has been applied. Changes to significant accounting policies are described in Note 4.

The financial statements were approved by the Board of Directors on 25 August 2021.

(b) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(c) Use of estimates and judgements

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

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

3 Significant accounting policies

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

(a) Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

Subsequent measurement and gains and losses

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

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

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

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

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Liabilities for trade and other payables are carried at amortised cost and represent liabilities for goods or services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of these goods and services.

3 Significant accounting policies (continued)

(a) Financial instruments (continued)

(iii) Derecognition

Financial assets

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

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

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

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

(iv) Offsetting

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

(b) Share capital

(i) Ordinary shares

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

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

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

3 Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(ii) Subsequent costs

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

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

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

(iii) Depreciation

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

- Computer equipment 4 years

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

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

(d) Government grants

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

Government grants related to assets are presented by deducting the grant in arriving at the carrying amount of the asset.

(e) Employee benefits

(i) Short-term employee benefits

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

(ii) Long-term employee benefits

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

3 Significant accounting policies (continued)

(f) Income tax

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

Current tax

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

Deferred tax

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

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

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

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

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

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

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

3 Significant accounting policies (continued)

(g) Goods and services tax

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

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

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

(h) Segment reporting

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

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

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

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

(i) Leases

The Company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and AASB Interpretation 4. The details of accounting policies under AASB 117 and AASB Interpretation 4 are disclosed separately.

(i) Policy applicable from 1 July 2019

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

This policy is applied to contracts entered into, on or after 1 July 2019.

3 Significant accounting policies (continued)

(i) Leases (continued)

(i) Policy applicable from 1 July 2019 (continued)

As a lessee

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

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

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

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

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

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

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

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

3 Significant accounting policies (continued)

(i) Leases (continued)

(i) Policy applicable from 1 July 2019 (continued)

As a lessee

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

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

Short-term leases and leases of low-value assets

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

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(ii) Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
    i. the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
    ii. the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
    iii. facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(j) Cash and cash equivalents

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

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

3 Significant accounting policies (continued)

(k) Share based payments

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

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

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the 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.

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.

(l) New standards available for early adoption

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2020, and have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early and the extent of the impact has not been determined.

(m) New standards currently effective

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2019.

- AASB 16 *Leases*

Refer to Note 4 (change in significant accounting policies) for a summary of the nature and effects of the changes on the financial statements of the Company.

3 Significant accounting policies (continued)

(n) New and amended accounting policies adopted by the Company

Standards and Interpretations applicable to 30 June 2020

In the year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to the Company accounting policies, other than those policies discussed at note 3 (m).

4 Changes in significant accounting policies

AASB 16 *Leases*

The Company initially applied AASB 16 *Leases* from 1 July 2019. A number of other new standards are also effective from 1 July 2019 but do not have a material effect on the Company's financial statements.

The Company applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated. The details of the changes in accounting policies are described below. Additionally, the disclosure requirements in AASB 16 have not generally been applied to comparative information.

(a) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under AASB 4 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3(i).

On transition to AASB 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and AASB Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

(b) As a lessee

As a lessee, the Company leases a building (office premises). The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under AASB 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

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

Notes to the financial statements

For the year ended 30 June 2020

4 Changes in significant accounting policies (continued)

AASB 16 *Leases (continued)*

(b) As a lessee (continued)

Leases classified as operating leases under AASB 117

Previously, the Company classified property leases as operating leases under AASB 117. On transition, the Company used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. In particular, the Company;

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application; and
- did not recognise right-of-use assets and liabilities for leases of low value assets.

(c) Impact on financial statements

On transition to AASB 16, the Company did not recognise additional right-of-use assets and lease liabilities and as such there was no impact on transition.

Notes to the financial statements

For the year ended 30 June 2020

5 Finance income and finance costs

	2020 $	2019 $
Interest income	**4**	-
Finance income	**4**	-
Lease interest expense	**(532)**	-
Bank fees	**(6,071)**	(10)
Finance costs	**(6,603)**	(10)
Net finance loss recognised in profit or loss	**(6,599)**	(10)

6 Income tax benefit

	2020 $	2019 $
A. Amounts recognised in profit or loss		
Current tax		
Current year	**-**	-
Adjustment for prior periods	**-**	-
	-	-
Deferred tax		
Origination and reversal of temporary differences	**-**	-
	-	-
Total income tax expense	**-**	-
B. Amounts recognised in Other Comprehensive Income		
Effective portion of changes in fair value	**-**	-
	-	-
Reconciliation of tax		
Loss for the period	**(1,353,895)**	(145,674)
Total income tax expense	**-**	-
Loss excluding income tax	**(1,353,895)**	(145,674)
Income tax using the Company's domestic tax rate of 30%	**(406,169)**	(43,702)
Non-assessable income	**(122,409)**	-
Non-deductible expenses	**312,687**	19,459
Unrecognised DTA on assets and liabilities	**215,891**	24,243
Total income tax expense/(benefit)	**-**	-

Notes to the financial statements

For the year ended 30 June 2020

6 Income tax benefit (continued)

Unrecognised deferred tax assets and liabilities

Deferred tax assets (comprising temporary differences and unused tax losses) of $240,330 (2019: $24,440) have not been recognised because at the reporting date, the Company is unable to demonstrate the applicable recognition criteria.

Movement in deferred tax balances			Balance at 30 June 2020		
	Net balance at 1 July	Profit or loss Benefit/ (expense)	Net	Deferred tax assets	Deferred tax liabilities
	$	$	$	$	$
Property, plant and equipment	(886)	(3,724)	(4,610)	-	(4,610)
Trade creditors and accruals	3,000	4,500	7,500	7,500	-
Section 40-880 expenditure	-	2,400	2,400	2,400	-
Right-of-use assets/lease liabilities	-	(49)	(49)	(49)	-
Employee benefits	1,667	9,614	11,281	11,281	-
Tax losses	20,659	203,149	223,808	223,808	-
Tax assets/(liabilities) before set-off	24,440	215,891	240,330	244,940	(4,610)
Set-off of tax	-	-	-	(4,610)	4,610
	24,440	215,891	240,330	240,330	-
Tax assets not brought to account	(24,440)	(215,891)	(240,330)	(240,330)	-
Net deferred tax balance	-	-	-	-	-

Movement in deferred tax balances			Balance at 30 June 2019		
	Net balance at 1 July	Profit or loss Benefit/ (expense)	Net	Deferred tax assets	Deferred tax liabilities
	$	$	$	$	$
Property, plant and equipment	-	(886)	(886)	-	(886)
Trade creditors and accruals	-	3,000	3,000	3,000	-
Employee benefits	-	1,667	1,667	1,667	-
Tax losses	197	20,462	20,659	20,659	-
Tax assets/(liabilities) before set-off	197	24,243	24,440	25,326	(886)
Set-off of tax	-	-	-	(886)	886
	197	24,243	24,440	24,440	-
Tax assets not brought to account	(197)	(24,243)	(24,440)	(24,440)	-
Net deferred tax balance	-	-	-	-	-

7 Cash and cash equivalents

	2020	2019
	$	$
Cash on hand	**4**	4
Bank balances	**2,228,923**	910,071
	2,228,927	910,075
Bank overdraft	**-**	-
Cash and cash equivalents in the statement of cash flows	**2,228,927**	910,075

8 Trade and other receivables

	2020 $	2019 $
Current		
Research and development tax incentive	**379,747**	-
Goods and services tax receivable	**20,415**	1,508
	400,162	1,508

9 Property, plant and equipment

	Computer equipment $	Total $
Cost		
Balance at 1 July 2018	-	-
Additions	3,045	3,045
Balance at 30 June 2019	3,045	3,045
Balance at 1 July 2019	**3,045**	**3,045**
Additions	**15,483**	**15,483**
Balance at 30 June 2020	**18,528**	**18,528**
Depreciation		
Balance at 1 July 2018	-	-
Depreciation for the year	(90)	(90)
Balance at 30 June 2019	(90)	(90)
Balance at 1 July 2019	**(90)**	**(90)**
Depreciation for the year	**(3,072)**	**(3,072)**
Balance at 30 June 2020	**(3,162)**	**(3,162)**
Balance at 1 July 2018	-	-
Balance at 30 June 2019	2,955	2,955
Balance at 1 July 2019	**2,955**	**2,955**
Balance at 30 June 2020	**15,366**	**15,366**

10 Right-of-use assets

(i) Right-of-use assets

	30 June 2020 $
Building (office premises)	
Balance at 1 July	**-**
Additions to right-of-use asset	**19,254**
Depreciation	**(8,472)**
Balance at 30 June	**10,782**

Notes to the financial statements

For the year ended 30 June 2020

10 Right-of-use assets (continued)

(ii) Amounts recognised in profit and loss

	Leases under AASB 16 2020 $	Operating leases under AASB 117 2019 $
Interest on lease liabilities	**532**	-
Depreciation of right-of-use assets	**8,472**	-
Expenses relating to short-term leases	**269**	-
Lease expense	**-**	600
	9,273	600

11 Trade and other payables

	2020 $	2019 $
Trade payables	**19,833**	13,085
PAYG withholding tax payable	**68,266**	22,293
Other payables	**26,063**	10,148
	114,162	45,526

12 Loans and borrowings – related parties

	2020 $	2019 $
Current		
Loan - J Barrington	**-**	6,306
Loan - J Konstantopoulos	**-**	4,182
	-	10,488

13 Lease liabilities

	2020 $	2019 $
Current		
Lease liabilities	**9,787**	-
	9,787	-
Non-current		
Lease liabilities	**833**	-
	833	-

14 Employee benefits

	2020 $	2019 $
Current		
Liability for annual leave	**37,604**	5,558
	37,604	5,558

Notes to the financial statements

For the year ended 30 June 2020

15 Share capital

	Ordinary shares		Number of shares	
	2020	**2019**	**2020**	**2019**
	$	**$**		
On issue at start of the period	**1,000,004**	2	**22,000,000**	2
Issued	**2,977,000**	1,000,002	**9,437,500**	21,999,998
On issue at 30 June	**3,977,004**	1,000,004	**31,437,500**	22,000,000

(i) Ordinary Shares

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

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

(ii) Issue of ordinary shares

During the reporting period, the Directors approved the issue of 7,437,500 ordinary shares at an issue price of $0.40 per share, and 2,000,000 ordinary shares at an issue price of $0.001 per share. This resulted in an increase in share capital of $9,437,500 and 2,977,000 shares.

16 Auditors' remuneration

	2020	**2019**
	$	**$**
Audit services		
KPMG Australia		
Audit of financial reports	**15,000**	10,000
Other services		
KPMG Australia		
Taxation services	**8,817**	4,083
Accounting services	**2,156**	-
Advisory services	**14,290**	15,826
	40,263	29,909

17 Financial instruments – fair value and risk management

The following table shows the carrying amounts per category of financial assets and liabilities.

30 June 2020	Note	
Financial assets not measured at fair value		
Trade and other receivables	8	**400,162**
Cash and cash equivalents	7	**2,228,927**
		2,629,089
Financial liabilities not measured at fair value		
Trade and other payables	11	**114,162**
		114,162

30 June 2019	Note	
Financial assets not measured at fair value		
Cash and cash equivalents	7	910,075
Trade and other receivables	8	1,508
		911,583
Financial liabilities not measured at fair value		
Trade and other payables	11	45,526
Loans and borrowings	12	10,488
		56,014

18 Cash flow reconciliation

	Note	2020 $	2019 $
Loss for the year		**(1,353,895)**	(145,674)
Adjustments for:			
Depreciation and amortisation		**11,544**	90
Net finance loss	5	**6,599**	10
Share based payments		**16,780**	-
		(1,318,972)	(145,574)
Changes in:			
Trade and other receivables		**(398,655)**	(1,443)
Trade and other payables		**68,636**	45,526
Provisions and employee entitlements		**32,046**	5,558
Cash used in operating activities		**(1,616,944)**	(95,933)
Interest received		**4**	-
Bank fees paid	5	**(6,071)**	(10)
Net cash used in operating activities		**(1,623,012)**	(95,943)

Notes to the financial statements
For the year ended 30 June 2020

19 Related party

(a) Transactions with key management personnel

(i) Key management personnel compensation

Key management personnel compensation comprised the following.

	2020 $	2019 $
Short-term employee benefits	**317,717**	61,644
Post employment employee benefits	**30,183**	5,856
	347,900	67,500

(b) Other related party transactions

As at 30 June 2020, the company had loans payable to related parties; John Barrington of $0 (2019: $6,307) and to John Konstantopoulos of $0 (2019: $4,182).

None of the balances with related parties are secured. No guarantees have been given or received. The loans are interest free and repayable on demand.

20 Share-based payments

Details of the Company's option plan, under which equity settled options are issuable to employees, directors and consultants are summarised below. Details of options issued are set out below.

(a) Incentive Option Plan

The Company has a formal option plan for the issue of options to employees, directors and consultants. Options are granted free of charge and are exercisable at a fixed price in accordance with the terms of the grant. Options over unissued shares are issued under the terms of the Plan at the discretion of the Board.

(b) Number and weighted average exercise prices of share options

	2020 Weighted average exercise price (cents)	2020 Number of options	2019 Weighted average exercise price (cents)	2019 Number of options
Outstanding at 1 July	**0.10**	**8,000,000**	-	-
Granted during the period	**7.50**	**540,000**	0.10	8,000,000
Exercised during the period	**0.10**	**(2,000,000)**	-	-
Outstanding at 30 June	**0.71**	**6,540,000**	0.10	8,000,000
Exercisable at 30 June		**-**		2,000,000

Notes to the financial statements

For the year ended 30 June 2020

20 Share-based payments (continued)

The following factors and assumptions were used in a black-scholes model in determining the fair value of options issued during the year.

Grant Date	*Option life*	*Fair value per option*	*Exercise price*	*Price of shares on grant date*	*Expected volatility*	*Risk free interest rate*	*Dividend yield*
540,000 Unlisted options (i) (ii) (iii) (iv) 10 Jan 2020	5 years	$0.09940	$0.075	$0.10	123%	0.92%	0%

(i) 135,000 options vest on 31 August 2020 subject to continued employment with the Company as at that date and delivery of a beta product comprising a report that includes identification of Four biomarkers on or before 31 January 2021.

(ii) 135,000 options vest on 31 December 2021 subject to continued employment with the Company as at that date and delivery of a beta product version developed to Minimum Viable Product level on or before 15 February 2021.

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

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

(c) Options on issue at the balance date

The number of options outstanding over unissued ordinary shares at 30 June 2020 is 6,540,000 (2019: 8,000,000). The terms of these options are as follows:

Number of Options Outstanding	*Exercise Price*	*Expiry Date*
6,000,000 Unlisted	0.1 cents	25 March 2024
540,000 Unlisted	7.5 cents	31 December 2025

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2020 is 3.88 years (2019: 4.74 years).

21 Financial instruments – risk management

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

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

- Credit risk
- Liquidity risk
- Market risk

(a) Credit risk

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

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

Cash and cash equivalents

The Company has cash and cash equivalents of $2,228,927 at 30 June 2020 (2019: $910,075) that are held with banks that are rated AA- based on S&P Global rating.

(b) Liquidity risk

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

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

		Contractual cash flows			
30 June 2020	**Carrying Amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**
Non-derivative financial liabilities					
Trade and other payables	114,162	114,162	114,162	-	-
	114,162	**114,162**	**114,162**	**-**	**-**

21 Financial instruments – risk management (continued)

(b) Liquidity risk (continued)

		Contractual cash flows			
30 June 2019	**Carrying Amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**
Non-derivative financial liabilities					
Trade and other payables	45,526	45,526	45,526	-	-
Loans and borrowings	10,488	10,488	-	10,488	-
	56,014	**56,014**	**45,526**	**10,488**	**-**

(c) Market risk

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

The Company has no exposure to foreign currency, interest rates or equity price risk (2019: no exposure).

22 Contingencies

In the opinion of management, the Company did not have any contingencies at 30 June 2020 (2019: none).

23 Commitments

In the opinion of management, the Company did not have any commitments at 30 June 2020 (2019: none).

24 Subsequent events

Under the Company's option program for key personnel the following share options were issued subsequent to year end:

- On 23 September 2020, 1,300,000 options were granted, of which 784,384 options vest immediately and 515,616 vest on 31 December 2021 subject to meeting performance milestones;
- On 27 November 2020, 220,000 options were granted with vesting dates between 31 December 2021 and 31 December 2024, subject to meeting performance conditions and continued employment with the Company;
- On 4 February 2021, 1,226,752 options were granted, of which 784,384 options vest immediately and 442,368 vest on 31 December 2021 subject to meeting performance milestones;
- On 23 April 2021, 500,000 options were granted and vested immediately;
- On 9 July 2021, 5,500,000 options were granted and vest subject to meeting performance milestones and continued employment with the Company.

The Company changed name from Artrya Pty Ltd to Artrya Limited on 16 April 2021 when the Company changed its status from a proprietary limited company to a public company, limited by shares.

In April 2021, the Company issued 17,045,460 shares at an issue price of $0.88 to raise $15,000,005.

24 Subsequent events (continued)

In addition, the Company established a subsidiary named Artra Medical IP Pty Ltd on 23 June 2021.

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

Artrya Pty Ltd

Directors' declaration

For the year ended 30 June 2020

In the opinion of the directors of Artrya Pty Ltd ("the Company"):

1. The Company is a small proprietary company and is not a reporting entity;

2. The financial statements and notes, set out on pages 8 to 33, are drawn up in accordance with the basis of accounting described in Notes 1 to 3 so as to present fairly the financial position of the Company as at 30 June 2020 and its performance as represented by the results of its operations, for the financial year ended on that date; and

3. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

John Barrington

Managing Director

Perth
Dated at Perth this 25 day of August 2021

Independent Auditor's Report

To the Directors of Artrya Pty Ltd

Opinion

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

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of Artrya Pty Ltd as at 30 June 2020, and of its financial performance and its cash flows for the year then ended, in accordance with *Australian Accounting Standards*.

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2020
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies

Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

Restriction on use and distribution

The Financial Report has been prepared to assist the Directors of Artrya Pty Ltd for the purpose of fulfilling the Directors' reporting responsibilities in relation to an Initial Public Offering.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Directors of Artrya Pty Ltd and should not be used by or distributed to parties other than the Directors of Artrya Pty Ltd. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Directors of Artrya Pty Ltd or for any other purpose than that for which it was prepared.

Other Information

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

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

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of Management for the Financial Report

Management are responsible for:

- the preparation and fair presentation of the Financial Statement for the purpose of fulfilling the Director
- implementing necessary internal control to enable the preparation of Financial Report that is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Matthew Hingeley

Partner

Perth

25 August 2021