Artrya Limited

(Previously Artrya Pty Ltd)
ACN 624 005 741

Reissued Consolidated Annual Financial Report

30 June 2021

Artrya Limited

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For the year ended 30 June 2021

Artrya Limited

Reissued Directors' report

For the year ended 30 June 2021

The directors present their reissued report together with the reissued consolidated financial statements of the Group comprising of Artrya Limited (the Company) (previously Artrya Pty Ltd) and its subsidiary for the financial year ended 30 June 2021, and the auditor's report thereon. This reissued Directors' Report replaces the version previously issued on the 25 August 2021.

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. Directors' meetings

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

	Board Meetings	
Director	***A***	***B***
Mr J Barrington	6	6
Mr J Konstantopoulos	6	6
Mr B Ridgeway	3	3

Where:

- Column A is the number of meetings the Director was eligible to attend during the period
- Column B is the number of meetings the director attended

3. 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.

4. Restated Operating and financial review

The Company posted a loss during the financial year ended 30 June 2021 of $4,079,767* (2020: loss of $1,353,895).

*Refer to Note 28 Reissuance of the financial report

5. 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.

6. 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.

7. Company secretary

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

8. Dividends

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

9. Significant events

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.

The Company established a subsidiary named Artra Medical IP Pty Ltd, registered on 23 June 2021.

10. Events subsequent to reporting date

On 9 July 2021, 5,500,000 share options were granted and vest subject to meeting performance milestones and continued employment with the Company.

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

11. 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.

Reissued Directors' report

For the year ended 30 June 2021

12. 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, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Acts 2001, at the date of this report is as follows:

	Ordinary shares	*Options over ordinary shares*[1]	*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	-

13. Share options

Unissued shares under option

Options were granted in both the current and previous financial years. Options granted during 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

Options granted after the reporting period:

Expiry date	*Exercise price*	*Number of shares*
09/07/2026	$1.000	5,500,000

At the date of this report unissued shares of the Group 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

[1] Of the options held by directors, only Mr B Ridgeway's options were granted during the year ended 30 June 2021. Subsequent to year end, 2,000,000 options were issued to both Mr J Barrington and Mr J Konstantopoulos, and 1,500,000 options were issued to Mr B Ridgeway.

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 Group did not issue ordinary shares of the Company as a result of the exercise of options.

14. Indemnification and insurance of officers and auditors

Indemnification

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

Insurance premiums

During the financial year, the Company has paid premiums in respect of directors' and officers' liability and legal expenses insurance for the year ended 30 June 2021 and since the financial year, the Company has paid or agreed to pay, premiums in respect of such insurance contracts for the year ending 30 June 2022. Such insurance contracts insure against certain liability (subject to specific exclusions), persons who are or have been directors or executive officers of the Company.

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

15. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 38 and forms part of the directors' report for the financial year ended 30 June 2021.

This report is made with a resolution of the directors:

John Barrington

Managing Director

Dated at Perth this 29th day of September 2021

Artrya Limited

Consolidated statement of financial position
As at 30 June 2021

	Note	Consolidated 2021* Restated** $	2020 $
Assets			
Current assets			
Cash and cash equivalents	7	**12,982,397**	2,228,927
Trade and other receivables	8	**1,430,915**	400,162
Total current assets		**14,413,312**	2,629,089
Non-current assets			
Property, plant and equipment	9	**98,217**	15,366
Intangibles	10	**516,635**	-
Right-of-use assets	11	**46,195**	10,782
Total non-current assets		**661,047**	26,148
Total assets		**15,074,359**	2,655,237
Liabilities			
Current liabilities			
Trade and other payables	12	**952,466**	114,162
Lease liabilities	13	**37,423**	9,787
Employee benefits	14	**167,403**	37,604
Total current liabilities		**1,157,292**	161,553
Non-current liabilities			
Lease liabilities	13	**9,618**	833
Employee benefits	14	**3,468**	-
Total non-current liabilities		**13,086**	833
Total liabilities		**1,170,378**	162,386
Net assets		**13,903,981**	2,492,851
Equity			
Share capital	15	**18,105,927**	3,977,004
Accumulated losses		**(5,580,700)**	(1,500,933)
Share based payments reserve		**1,378,754**	16,780
Total equity		**13,903,981**	2,492,851

*Refer to Note 1 Reporting Entity
**Refer to Note 28 Reissuance of the financial report

The accompanying notes form part of these financial statements

Artrya Limited

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

	Note	Consolidated 2021* Restated** $	2020 $
Revenue		-	-
Other income	4	**210,424**	408,035
Accounting and audit expenses		**(86,595)**	(64,726)
Contractors		**(1,151,314)**	(479,963)
Depreciation and amortisation		**(38,514)**	(11,544)
Foreign exchange loss		**(23,513)**	-
Employee expenses		**(936,005)**	(1,026,058)
Website and software expenses		**(102,211)**	(43,812)
Recruitment expenses		**(98,917)**	(18,776)
Travel expenses		**(3,484)**	(32,340)
Legal expenses		**(52,928)**	(34,273)
Share based payments expenses	20	**(1,361,974)**	(16,780)
Marketing and branding expenses		**(264,630)**	(55)
Other expenses		**(143,358)**	(27,004)
Results from operating activities		**(4,053,019)**	(1,347,296)
Finance income	5	**-**	4
Finance costs	5	**(26,748)**	(6,603)
Net finance loss		**(26,748)**	(6,599)
Loss before income tax		**(4,079,767)**	(1,353,895)
Income tax benefit	6	**-**	-
Loss for the year		**(4,079,767)**	(1,353,895)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(4,079,767)**	(1,353,895)
Earnings/(loss) per share (cents)			
Basic earnings/(loss) per share (cents)	21	**(11.85)**	(6.06)
Diluted earnings/(loss) per share (cents)	21	**(11.85)**	(6.06)

*Refer to Note 1 Reporting Entity
**Refer to Note 28 Reissuance of the financial report

Consolidated statement of changes in equity
For the year ended 30 June 2021

Consolidated*	Note	Share capital $	Accumulated losses $	Share based payments reserve $	Total $
Balance at 1 July 2020		**3,977,004**	**(1,500,933)**	**16,780**	**2,492,851**
Total comprehensive loss for the year					
Restated loss for the year**		**-**	**(4,079,767)**	**-**	**(4,079,767)**
Total restated comprehensive loss**		**-**	**(4,079,767)**	**-**	**(4,079,767)**
Contributions by and distributions to owners of the Company					
Issue of share capital (net of share issue costs)	15	**14,128,923**	**-**	**-**	**14,128,923**
Restated equity settled share-based payments**	20	**-**	**-**	**1,361,974**	**1,361,974**
Total restated contributions by owners of the Company**		**14,128,923**	**-**	**1,361,974**	**15,490,897**
Restated balance at 30 June 2021**		**18,105,927**	**(5,580,700)**	**1,378,754**	**13,903,981**

	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 year					
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	20	-	-	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

*Refer to Note 1 Reporting Entity
**Refer to Note 28 Reissuance of the financial report

Artrya Limited

Consolidated statement of cash flows

For the year ended 30 June 2021

	Note	Consolidated 2021* $	2020 $
Cash flows from operating activities			
Cash paid to suppliers and employees		**(1,974,676)**	(1,645,233)
Cash used in operating activities		**(1,974,676)**	(1,645,233)
Interest received	5	**-**	4
Bank fees paid	5	**(24,925)**	(6,071)
Government grants		**133,186**	-
Research and development tax incentive		**379,747**	28,288
Net cash used in operating activities	18	**(1,486,668)**	(1,623,012)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**617**	-
Acquisition of property, plant and equipment	9	**(94,265)**	(15,483)
Acquisition of intangible assets		**(1,969,785)**	-
Government grants received		**204,951**	-
Net cash used in investing activities		**(1,858,482)**	(15,483)
Cash flows from financing activities			
Proceeds from issue of share capital (net of associated costs)	15	**14,128,923**	2,977,000
Repayment of lease liabilities		**(30,303)**	(9,166)
Repayment of loans from related parties		**-**	(10,487)
Net cash provided by financing activities		**14,098,620**	2,957,347
Net increase in cash held		**10,753,470**	1,318,852
Cash and cash equivalents at the beginning of the period		**2,228,927**	910,075
Cash and cash equivalents at the end of the period	7	**12,982,397**	2,228,927

*Refer to Note 1 Reporting Entity

1 Reporting entity

Artrya Limited (previously Artrya Pty Ltd) ("the Company") is a Company domiciled in Australia. The address of the Group'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.

These are the first year consolidated financial statements prepared by the Company, comprising the Company and its subsidiary (together referred to as the 'Group'). The Company established the subsidiary named Artra Medical IP Pty Ltd on 23 June 2021.

The comparatives disclosures relate to the Company amounts.

2 Basis of preparation

(a) Statement of compliance

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

The reissued consolidated financial statements were approved by the Board of Directors on 29 September 2021. These reissued consolidated financial statements supersede the version previously approved by the Board of Directors on 25 August 2021.

(b) Functional and presentation currency

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

(c) Use of estimates and judgements

In preparing these consolidated 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.

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

- Note 20 - Estimates relating to share based payments

3 Significant accounting policies

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

(a) Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

Subsequent measurement and gains and losses

Financial assets

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

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

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

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

Financial liabilities

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

3 Significant accounting policies (continued)

(a) Financial instruments (continued)

(iii) Derecognition

Financial assets

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

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

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

(iv) Offsetting

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

(b) Share capital

(i) Ordinary shares

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

(c) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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 Group. 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
• Office equipment	10 years
• Office fit-out	2 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) Intangibles

Research and development:

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

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

Subsequent expenditure:

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

Amortisation:

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

3 Significant accounting policies (continued)

(e) Government grants

Government grants are recognised when there is a reasonable assurance that the Group 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.

(f) Employee benefits

(i) Short-term employee benefits

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

(ii) Long-term employee benefits

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

(g) Income tax

Tax expense comprises current tax. Current tax and deferred tax 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

3 Significant accounting policies (continued)

(g) Income tax (continued)

Deferred tax (continued)

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group 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.

(h) Goods and services tax

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

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

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

(i) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

3 Significant accounting policies (continued)

(j) Segment reporting

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

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

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

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

(k) Leases

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

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group 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 Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

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

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

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

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

3 Significant accounting policies (continued)

(k) Leases (continued)

As a lessee (continued)

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

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

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

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

Short-term leases and leases of low-value assets

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

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

(l) 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 Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

3 Significant accounting policies (continued)

(l) Share based payments (continued)

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

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

(m) Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

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

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

Notes to the consolidated financial statements

For the year ended 30 June 2021

3 Significant accounting policies (continued)

(m) Basis of consolidation (continued)

Transactions eliminated on consolidation

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

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

Standards and Interpretations applicable to 30 June 2021

In the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period.

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

(o) 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.

(p) Impairment of tangible and intangible assets

At each reporting date, the Group reviews the carrying amount of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. When the carrying value of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

4 Other income

	Consolidated 2021 $	2020 $
Government grants	**210,424**	408,035
	210,424	408,035

5 Finance income and finance costs

	Consolidated 2021 $	2020 $
Interest income	**-**	4
Finance income	**-**	4
Lease interest expense	**(1,823)**	(532)
Bank fees	**(24,925)**	(6,071)
Finance costs	**(26,748)**	(6,603)
Net finance loss recognised in profit or loss	**(26,748)**	(6,599)

6 Income tax benefit

	Consolidated 2021 Restated* $	2020 $
A. Amounts recognised in profit or loss		
Current tax		
Current year	**-**	-
	-	-
Deferred tax		
Origination and reversal of temporary differences	**-**	-
	-	-
Total income tax benefit	**-**	-
B. Amounts recognised in Other Comprehensive Income		
Effective portion of changes in fair value	**-**	-
	-	-
Reconciliation of tax		
Loss for the period	**(4,079,767)**	(1,353,895)
Total income tax expense	**-**	-
Loss excluding income tax	**(4,079,767)**	(1,353,895)
Income tax using the Company's domestic tax rate of 26% (2020: 30%)	**(1,060,739)**	(406,169)
Non-deductible expenses	**681,930**	312,689
Non-assessable income	**(217,272)**	(122,411)
Unrecognised DTA on assets and liabilities	**596,081**	215,891
Total income tax expense/(benefit)	**-**	-

*Refer to Note 28 Reissuance of the financial report

6 Income tax benefit (continued)

Unrecognised deferred tax assets and liabilities

Deferred tax assets (comprising temporary differences and unused tax losses) of $773,431 (2020: $240,330) have not been recognised because at the reporting date, the Group is unable to demonstrate the applicable recognition criteria.

Movement in deferred tax balances	Net balance at 1 July	Profit or loss or Equity Benefit/ (expense)	Effect of change of tax rate	Balance at 30 June 2021 (Consolidated) Net	Deferred tax assets	Deferred tax liabilities
	$	$	$	$	$	$
Property, plant and equipment	**(4,610)**	**(20,517)**	**1,557**	**(23,569)**	**-**	**(23,569)**
Intangible assets	**-**	**(126,796)**	**4,877**	**(121,919)**	**-**	**(121,919)**
Trade creditors and accruals	**7,500**	**52,301**	**(3,262)**	**56,539**	**56,539**	**-**
Section 40-880 expenditure	**2,400**	**189,623**	**(7,693)**	**184,330**	**184,330**	
Right-of-use assets/lease liabilities	**(49)**	**262**	**(2)**	**211**	**211**	**-**
Employee benefits	**11,281**	**34,649**	**(3,213)**	**42,718**	**42,718**	**-**
Tax losses	**223,808**	**466,451**	**(55,242)**	**635,017**	**635,017**	**-**
Unrealised FX	**-**	**108**	**(4)**	**104**	**104**	**-**
Tax assets/(liabilities) before set-off	**240,330**	**596,081**	**(62,982)**	**773,431**	**918,919**	**(145,488)**
Set-off of tax	**-**	**-**	**-**	**-**	**(145,488)**	**145,488**
	240,330	**596,081**	**(62,982)**	**773,431**	**773,431**	**-**
Tax assets not brought to account	**(240,330)**	**(596,081)**	**62,982**	**(773,431)**	**(773,431)**	**-**
Net deferred tax balance	**-**	**-**	**-**	**-**	**-**	**-**

Movement in deferred tax balances	Net balance at 1 July	Profit or loss Benefit/ (expense)	Balance at 30 June 2020 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	-	-	-	-	-

Artrya Limited

Notes to the consolidated financial statements

For the year ended 30 June 2021

7 Cash and cash equivalents

	Consolidated 2021 $	2020 $
Cash on hand	**4**	4
Bank balances	**12,982,393**	2,228,923
Cash and cash equivalents in the statement of cash flows	**12,982,397**	2,228,927

8 Trade and other receivables

	Consolidated 2021 $	2020 $
Research and development tax incentive	**835,660**	379,747
Goods and services tax receivable	**90,455**	20,415
Government grants receivable	**489,777**	-
Other receivables	**15,000**	-
Loan - John Barrington - related party	**23**	-
	1,430,915	400,162

9 Property, plant and equipment

	Computer equipment $	Office Equipment $	Office Fit-out $	Total $
Cost				
Balance at 1 July 2019	3,045	-	-	3,045
Additions	15,483	-	-	15,483
Balance at 30 June 2020	18,528	-	-	18,528
Balance at 1 July 2020	**18,528**	**-**	**-**	**18,528**
Additions	**78,234**	**12,026**	**4,005**	**94,265**
Disposals	**(3,452)**	**-**	**-**	**(3,452)**
Balance at 30 June 2021 (Consolidated)	**93,310**	**12,026**	**4,005**	**109,341**
Depreciation				
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 2020	**(3,162)**	**-**	**-**	**(3,162)**
Depreciation for the year	**(6,918)**	**(1,032)**	**(1,306)**	**(9,256)**
Disposals	**1,294**	**-**	**-**	**1,294**
Balance at 30 June 2021 (Consolidated)	**(8,786)**	**(1,032)**	**(1,306)**	**(11,124)**
Balance at 1 July 2019	2,955	-	-	2,955
Balance at 30 June 2020	15,366	-	-	15,366
Balance at 1 July 2020	**15,366**	**-**	**-**	**15,366**
Balance at 30 June 2021 (Consolidated)	**84,524**	**10,994**	**2,699**	**98,217**

Notes to the consolidated financial statements

For the year ended 30 June 2021

10 Intangibles

	Development costs $	Total $
Cost		
Balance at 1 July 2019	-	-
Balance at 30 June 2020	-	-
Balance at 1 July 2020	**-**	**-**
Additions	**1,926,218**	**1,926,218**
Government grants received*	**(1,409,583)**	**(1,409,583)**
Balance at 30 June 2021 (Consolidated)	**516,635**	**516,635**
Accumulated amortisation		
Balance at 1 July 2019	-	-
Balance at 30 June 2020	-	-
Balance at 1 July 2020	**-**	**-**
Balance at 30 June 2021	**-**	**-**
Carrying amounts		
Balance at 1 July 2019	-	-
Balance at 30 June 2020	-	-
Balance at 1 July 2020	**-**	**-**
Balance at 30 June 2021 (Consolidated)	**516,635**	**516,635**

The Group has assessed the recoverable amount of the intangible asset based on the fair value less costs to sell of the cash generating unit. The fair value has been calculated with reference to the most recent arm's length capital raising based on the assessment that the Group is a single cash generating unit.

*Government grants relate to the Research and Development Tax Incentive and the BioMedTech Horizons (BMTH) program grant for the year ended 30 June 2021. The Research and Development Tax Incentive requires submission of the Research and Development tax incentive schedule with the 30 June 2021 annual tax return, and the BioMedTech Horizons (BMTH) program requires submission of a financial report, which was completed subsequent to year end.

11 Right-of-use assets

(i) Right-of-use assets

	Consolidated 2021 $	2020 $
Building (office premises)		
Balance at 1 July	**10,782**	-
Additions to right-of-use asset	**73,912**	19,254
Depreciation	**(29,257)**	(8,472)
Disposal of right-of-use asset	**(9,242)**	-
Balance at 30 June	**46,195**	10,782

Notes to the consolidated financial statements

For the year ended 30 June 2021

11 Right-of-use assets (continued)

(ii) Amounts recognised in profit and loss

	Consolidated 2021 $	2020 $
Interest on lease liabilities	**1,823**	532
Depreciation of right-of-use assets	**29,257**	8,472
Expenses relating to short-term leases	**889**	269
	31,969	9,273

12 Trade and other payables

	Consolidated 2021 $	2020 $
Trade payables	**452,553**	19,833
PAYG withholding tax payable	**123,041**	68,266
Other payables	**355,546**	26,063
Payroll tax payable	**21,326**	-
	952,466	114,162

13 Lease liabilities

	Consolidated 2021 $	2020 $
Current		
Lease liabilities	**37,423**	9,787
	37,423	9,787
Non-current		
Lease liabilities	**9,618**	833
	9,618	833

14 Employee benefits

	Consolidated 2021 $	2020 $
Current		
Liability for annual leave	**167,403**	37,604
	167,403	37,604
Non-current		
Liability for long-service leave	**3,468**	-
	3,468	-

15 Share capital

	Ordinary shares Consolidated		Number of shares Consolidated	
	2021	**2020**	**2021**	**2020**
	$	**$**		
On issue at start of the period	**3,977,004**	1,000,004	**31,437,500**	22,000,000
Issued	**15,000,005**	2,977,000	**17,045,460**	9,437,500
Share issue costs	**(871,082)**	-	**-**	-
On issue at 30 June	**18,105,927**	3,977,004	**48,482,960**	31,437,500

(i) Ordinary Shares

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

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

(ii) Issue of ordinary shares

During the reporting period, the Directors approved the issue of 17,045,460 ordinary shares at an issue price of $0.88 per share to raise $15,000,005 (2020: 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 $14,128,922 (2020: $2,977,000) after offsetting costs relating to the issue of share capital.

16 Auditors' remuneration

	Consolidated 2021	2020
	$	**$**
Audit services		
KPMG Australia		
Audit of financial reports	**20,000**	15,000
Other services		
KPMG Australia		
Taxation services	**22,314**	8,817
Accounting services	**17,507**	2,156
R&D grant	**16,457**	-
Other services	**3,276**	14,290
	79,554	40,263

Notes to the consolidated financial statements

For the year ended 30 June 2021

17 Financial instruments – fair value and risk management

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

30 June 2021 (Consolidated)	Note	Total
Financial assets not measured at fair value		
Trade and other receivables	8	**1,430,915**
Cash and cash equivalents	7	**12,982,397**
		14,413,312
Financial liabilities not measured at fair value		
Trade and other payables	12	**952,466**
		952,466

30 June 2020	Note	Total
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	12	114,162
		114,162

18 Cash flow reconciliation

	Note	Consolidated 2021 Restated* $	2020 $
Loss for the period		**(4,079,767)**	(1,353,895)
Adjustments for:			
Depreciation and amortisation		**38,514**	11,544
Unrealised foreign exchange gain		**414**	-
Net finance loss	5	**26,748**	6,599
(Gain)/loss on sale of property, plant and equipment		**1,541**	-
Rent expense		**230**	-
Share based payments		**1,361,974**	16,780
Research and development tax incentive		**(77,238)**	-
		(2,727,584)	(1,318,972)
Changes in:			
Trade and other receivables		**294,270**	(398,655)
Trade and other payables		**838,304**	68,636
Provisions and employee entitlements		**133,267**	32,046
Cash used in operating activities		**(1,461,743)**	(1,616,944)
Interest received		**-**	4
Bank fees paid	5	**(24,925)**	(6,071)
Net cash used in operating activities		**(1,486,668)**	(1,623,012)

*Refer to Note 28 Reissuance of the financial report

Notes to the consolidated financial statements

For the year ended 30 June 2021

19 Related party

(a) Transactions with key management personnel

(i) Key management personnel compensation

Key management personnel compensation comprised the following.

	Consolidated 2021 Restated* $	2020 $
Short-term employee benefits	**480,473**	317,717
Post employment employee benefits	**43,788**	30,183
Share based payment expense	**365,217**	-
	889,478	347,900

*Refer to Note 28 Reissuance of the financial report

20 Share-based payments

Details of the Group'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 Group 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

	Consolidated 2021 Weighted average exercise price (cents)	Consolidated 2021 Number of options	2020 Weighted average exercise price (cents)	2020 Number of options
Outstanding at 1 July	**0.71**	**6,540,000**	0.10	8,000,000
Granted during the period	**20.98**	**3,246,752**	7.50	540,000
Exercised during the period	**-**	**-**	0.10	(2,000,000)
Outstanding at 30 June	**7.44**	**9,786,752**	0.71	6,540,000
Exercisable at 30 June		**2,203,768**		-

Notes to the consolidated financial statements

For the year ended 30 June 2021

20 Share-based payments (continued)

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

The following factors and assumptions were used in the Black-Scholes model used to determine the fair value of options issued during the year.

Grant Date	*Option life*	*Fair value per option Restated**	*Exercise price*	*Price of shares on grant date*	*Expected volatility*	*Risk free interest rate*	*Dividend yield*
1,300,000 Unlisted options (i) 23 September 2020	5 years	$0.382	$0.056	$0.400	128%	0.40%	0%
220,000 Unlisted options (ii) 27 November 2020	5 years	$0.375	$0.075	$0.400	124%	0.29%	0%
1,226,752 Unlisted options (iii) 4 February 2021	5 years	$0.375	$0.075	$0.400	126%	0.41%	0%
500,000 Unlisted options (iv) 23 April 2021	5 years	$0.730	$1.000	$0.880	117%	0.72%	0%

*Refer to Note 28 Reissuance of the financial report

(i) 784,384 options vested on 23 September 2020.

The remaining 515,616 vest on 31 December 2021 subject to the Group achieving the delivery of a beta product version developed to Minimum Viable Product level on or before 15 February 2021.

20 Share-based payments (continued)

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

(ii) 55,000 options vest on 31 December 2021 subject to continued employment with the Group as at that date and completion of the Salix product version 1.1 on or before 28 February 2021.

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

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

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

(iii) 784,384 options vested on 4 February 2021.

The remaining 442,368 vest on 31 December 2021 subject to the Group achieving the delivery of a beta product version developed to Minimum Viable Product level on or before 15 February 2021.

(iv) 500,000 options vested on 23 April 2021.

(c) Options on issue at the balance date

The number of options outstanding over unissued ordinary shares at 30 June 2021 is 9,786,752 (2020: 6,540,000). 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
1,986,752 Unlisted	7.5 cents	31 December 2025
1,300,000 Unlisted	5.6 cents	31 December 2025
500,000 Unlisted	100 cents	31 December 2026

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2021 is 3.47 years (2020: 3.88 years).

21 Earnings per share

	Consolidated 2021 Restated* Cents	2020 Cents
a) Basic earnings per share		
Loss attributable to ordinary equity holders of the company	**(11.85)**	(6.06)
b) Diluted earnings per share		
Loss attributable to ordinary equity holders of the company	**(11.85)**	(6.06)
	$	**$**
c) Loss used in calculation of basic and diluted loss per share		
Loss after tax from continuing operations	**(4,079,767)**	(1,353,896)
	No.	No.
Weighted average number of shares used	**34,434,504**	22,338,014

*Refer to Note 28 Reissuance of the financial report

Potential ordinary shares are not considered dilutive as their conversion does not show an inferior view of the earnings performance of the company. Accordingly, diluted earnings per share are the same as the basic earnings per share. Number of options so excluded from the calculation is set out in Note 20.

22 Financial instruments – risk management

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

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

- Credit risk
- Liquidity risk
- Market risk

(a) Credit risk

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

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

Cash and cash equivalents

The Group has cash and cash equivalents of $12,982,397 at 30 June 2021 (2020: $2,228,927) that are held with banks that are rated AA- based on S&P Global rating.

Trade and other receivables

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

22 Financial instruments – risk management (continued)

(b) Liquidity risk

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

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

		Contractual cash flows			
30 June 2021 (Consolidated)	**Carrying Amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**
Non-derivative financial liabilities					
Trade and other payables	952,466	952,466	952,466	-	-
	952,466	**952,466**	**952,466**	**-**	**-**

		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**	**-**	**-**

(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 Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

The Group had no exposure to foreign currency, interest rates or equity price risk in 2020.

Exposure to currency risk

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

	30 June 2021
	USD
Trade Payables	27,000
Net statement of financial position exposure	27,000

22 Financial instruments – risk management (continued)

(c) Market risk (continued)

Sensitivity Analysis

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

	Profit or loss		Equity, net of tax	
Effect in AUD	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
30 June 2021				
USD (10% movement)	3,048	(4,025)	3048	(4,025)

Interest rate risk

At 30 June 2021, the Group was not exposed to any significant interest rate risk. There is minimal exposure to the impact of adverse changes in benchmark interest rates.

The Company was exposed to variable interest rate risks on cash deposits. A reasonably possible change of 50 basis points (2020: 50 basis points) in interest rates at the reporting date would have increased or decreased the loss before tax by $64,912 (2020: $11,145).

23 Controlled entities

	Country of Incorporation	Ownership interest 2021 %	2020 %
Subsidiaries:			
Artra Medical IP Pty Ltd	Australia	**100**	-

24 Parent Entity Disclosure

The disclosures in the consolidated financial report are consistent with those that would be disclosed for the parent entity.

25 Contingencies

In the opinion of management, the Group did not have any contingencies at 30 June 2021 (2020: none).

26 Commitments

In the opinion of management, the Group did not have any commitments at 30 June 2021 (2020: none).

27 Subsequent events

On 9 July 2021, 5,500,000 share options were granted and vest subject to meeting performance milestones and continued employment with the Company.

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

28 Reissuance of the financial report

Subsequent to the approval of the 2021 Consolidated Annual Financial Report on 25 August 2021, an error was identified in the calculation of the fair value of the share-based payments that were issued during the financial year ended 30 June 2021. As a result of this error, the share-based payments expense for the year ended 30 June 2021 was over-stated by $129,814.

This reissued Consolidated Annual Financial Report reflects the correction of this error and is summarised in the following tables:

Consolidated statement of financial position

As at 30 June 2021

	As reported on 25 August 2021	Adjustment	As corrected
	$	$	$
Accumulated losses	(5,710,514)	129,814	(5,580,700)
Share based payments reserve	1,508,568	(129,814)	1,378,754
Total equity	**13,903,981**	**-**	**13,903,981**

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	As reported on 25 August 2021	Adjustment	As corrected
	$	$	$
Share based payments expenses	(1,491,788)	129,814	(1,361,974)
Results from operating activities	**(4,182,833)**	**129,814**	**(4,053,019)**
Loss before income tax	**(4,209,581)**	**129,814**	**(4,079,767)**
Loss for the year	**(4,209,581)**	**129,814**	**(4,079,767)**
Total comprehensive loss for the year	**(4,209,581)**	**129,814**	**(4,079,767)**

The correction of the error resulted in the following change to Note 19 Related Party:

	As reported on 25 August 2021	Adjustment	As corrected
	$	$	$
Share based payment expense	439,564	(74,347)	365,217
	963,825	**(74,347)**	**889,478**

Notes to the consolidated financial statements

For the year ended 30 June 2021

28 Reissuance of the financial report (continued)

The correction of the error resulted in the following change to Note 21 Earnings per share:

	As reported on 25 August 2021 Cents	Adjustment Cents	As corrected Cents
a) Basic earnings per share			
Loss attributable to ordinary equity holders of the company	**(12.23)**	**0.38**	**(11.85)**
b) Diluted earnings per share			
Loss attributable to ordinary equity holders of the company	**(12.23)**	**0.38**	**(11.85)**
	$	**$**	**$**
c) Loss used in calculation of basic and diluted loss per share			
Loss after tax from continuing operations	**(4,209,581)**	**129,814**	**(4,079,767)**

Artrya Limited

Directors' declaration

For the year ended 30 June 2021

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

a) the reissued consolidated financial statements and notes that are set out on pages 8 to 36 and are in accordance with the Corporations Act 2001; including

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable

2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2021.

3 The directors draw attention to Note 2 to the reissued consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.

John Barrington

Managing Director

Perth
Dated at Perth this 29th day of September 2021

KPMG

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

To the Directors of Artrya Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Artrya Limited for the financial year ended 30 June 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Matthew Hingeley

Partner

Perth

29 September 2021

Independent Auditor's Report

To the shareholders of Artrya Limited (previously Artrya Pty Ltd)

Opinion

We have audited the ***Reissued Consolidated Annual Financial Report*** of Artrya Limited (previously Artrya Pty Ltd) (the Company).

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

- giving a true and fair view of the ***Group****'s* financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Reissued Consolidated Annual Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2021
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

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

Basis for opinion

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

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

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

Emphasis of matter – Reissuance of the financial report

We draw attention to Note 28 which sets out that Directors have amended and reissued the previously issued financial report due to the correction of an error in that financial report. As a consequence, this audit report supersedes our previous Independent Audit Report to the shareholders of Artrya Limited dated 25 August 2021 on the Financial Report for the year ended 30 June 2021, signed and approved by the Directors on 25 August 2021. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

Responsibilities of the Directors for the Reissued Financial Report

The Directors are responsible for:

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

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

Our objective is:

- to obtain reasonable assurance about whether the Reissued 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 Reissued Financial Report.

A further description of our responsibilities for the audit of the Reissued Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Matthew Hingeley

Partner

Perth

29 September 2021