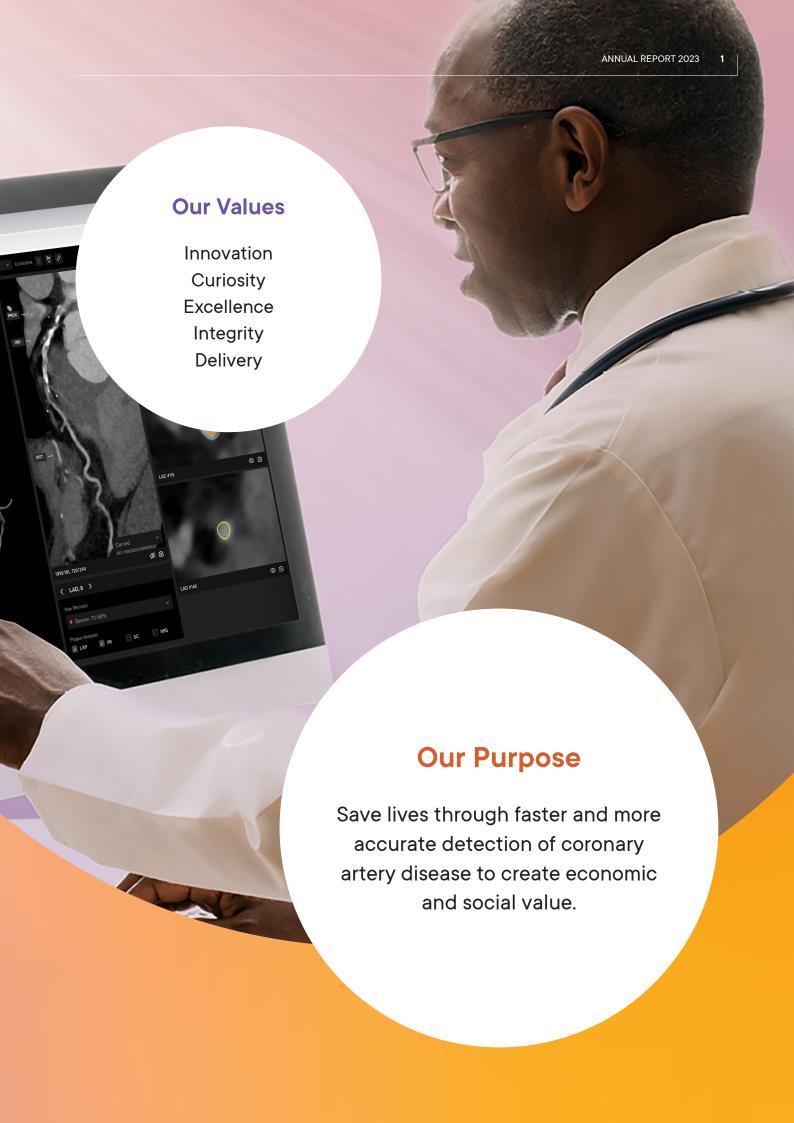
Annual Report 2023



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Artrya provides the first new approach in 50 years to coronary artery diagnosis and care.

No.1 health problem in the world

Cardiovascular disease is the number one cause of death in the world

- 129 million people affected, 17.9 million deaths²
- Killing one person every 33 seconds in America³, 155 people have heart attacks every day in Australia4
- \$12 billion in Australia spent per year on heart disease⁵

S378b

SPENT ON HEART DISEASE PER YEAR IN AMERICA1

Vulnerable plaque is a more accurate indicator of heart disease than symptoms

- 70% of heart attack patients were considered low-risk at the time of a heart attack7
- Up to 75% of heart attack lesions are missed by stress testing8
- High risk plaque with only a 4% plaque burden = 5 x increased risk of heart attack9

50%

OF INDIVIDUALS HAVE NO SYMPTOMS PRIOR TO A HEART ATTACK6

Artrya is able to take advantage of the rapidly expanding CCTA market in US, Europe and Australia

- International guidelines recommend CCTA as the first line test for patients with chest pain
- Rapidly expanding global CCTA market. Estimated that by 2025, 10%-15% of all CT scans performed globally will be CCTA¹¹
- Access to new reimbursement codes for Plaque Assessment and FFR Assessment of up to US\$2,000

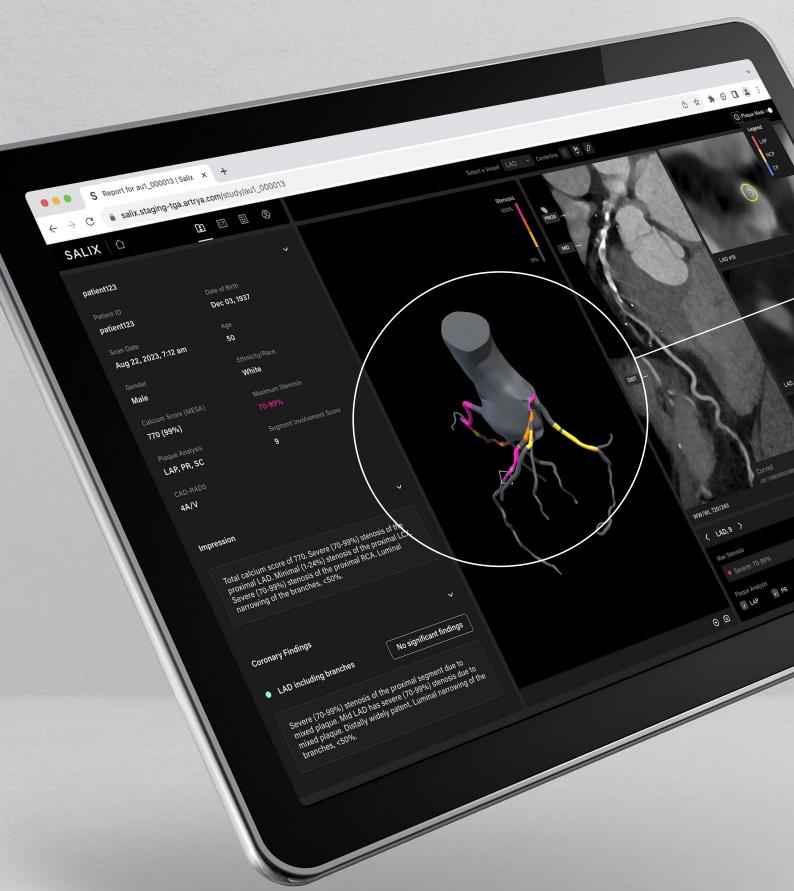
355%

10-YEAR GROWTH IN GLOBAL CCTA SCANS¹⁰

- Heart Disease and Stroke Statistics—2022 Update: A Report From the American Heart Association, Circulation. 2022;145:e153-e639
- World Health Organisation Cardiovascular diseases
- Centers for Disease Control and Prevention Heart Disease in the United States

 Australian Institute of Health and Welfare Heart, stroke and and vascular disease: Australian facts Coronary heart disease
- Australian Institute of Health and Welfare Heart, stroke and and vascular disease: Australian facts Expenditure on cardiovascular disease
- Harvard Health Publishing The danger of "silent" heart attacks
- Radiological Society of North America (RSNA) Study Analyses a Decade of Cardiac Imaging Trends Russell A. Reeves, Ethan J. Halpern, and Vijay M. Rao
- Coronary Atheroscierotic Precursors of Acute Coronary Syndromes Chang HJ et al. J Am Coll Cardiol 2018
 Low-Attenuation Noncalcified Plaque on Coronary Computed Tomography Angiography Predicts Myocardial Infarction, Circulation. 2020;141:1452–1462
- aging Technology News Trends in Cardiac Imaging Over Past Decade Show Rapid Rise in CT
- British Medical Journal (BMJ) Heart: Cardiovascular computed tomography imaging for coronary artery disease risk: plaque, flow and fat

Coronary Artery Disease. We See You.



The SALIX solution



We provide the only holistic point-of-care and non-invasive coronary artery disease solution

- Salix identifies vulnerable plaque, a more accurate indicator of heart disease than symptoms
- Provides clinicians with state-of-the-art technology to characterise and diagnose coronary artery disease using clinically accepted biomarkers such as vulnerable plaque, stenosis, and calcium scoring
- Al algorithm trained and validated by 100,000+ CCTA images
- Provides clinicians with the ability to generate a full evidence-based assessment within 15 minutes of first CCTA scan

ARTRYA

Letter from the Chair

On behalf of the Board of Artrya Limited (AYA) I'm pleased to introduce the company's Annual Report to June 30, 2023, our second Annual Report since listing on the Australian Securities Exchange (ASX).

Financial year 2023 has posed challenges for Artrya but I am able to report that the company continues to rise to those challenges. Technical and performance issues with the Salix Coronary Anatomy product meant that we did not meet our target of producing our first revenue in FY23.

Resolving those issues was a key focus of the company throughout the year and with much of that hard work now undertaken I am confident we will see first revenue in FY24.

There was a change at senior management level in April when co-founder John Barrington resigned as managing director. The board appointed experienced executive Mat Regan as chief executive officer and a smooth transition was achieved.

The new CEO has focused on cost management while moving quickly to increase capability within the team and address the product issues identified earlier.

In February we strengthened the Board with the appointment of Ms Kate Hill as an independent non-executive director. Ms Hill's experience at board level with ASX listed companies, particularly in the technology, biotech and medical devices sectors has made her a valuable addition to the Board. I thank her and the other Board members for their efforts this year.

A significant moment for the company came in June when we completed a successful meeting with the US Food and Drug Administration (FDA) in our pursuit of regulatory clearance for the Salix Software System product. The Q-Submission meeting was a key step in increasing our success in the US regulatory process. During the meeting, Artrya and the FDA agreed on a pathway to 510k regulatory clearance for the Salix product. This enabled Artrya to update our 510k application to include feedback and guidance from the FDA and is a critical step for a successful 510k submission.

The US market remains our largest and most attractive opportunity, with the Salix product ideally positioned to take advantage of the growing use of coronary computed tomography angiography (CCTA). International guidelines have endorsed CCTA as the first line test to identify coronary artery disease with the number of scans in the US expected to grow to 4.4 million by 2025. The growth in this market is being driven by new Current Procedural Terminology (CPT) codes in the US health system allowing the reimbursement of US\$800–US\$1,000 for the use of Al in assessing CCTA scans to detect atherosclerosis (plaque) and an additional US\$800–US\$1,000 for non-invasive blood flow products.

Our clear focus in the short term will be on gaining the FDA approval, launching in the Australian market where we already have TGA approval, revenue generation and further product development.

The capital market environment has remained difficult for pre-revenue companies like Artrya and our share price continues to suffer but the Board remains confident about our medium to long term success.

We continue to welcome new shareholders to the register which currently exceeds 1,200 including institutional, individual and employee investors. I thank all shareholders for your ongoing support and look forward to continuing our journey together.

I want to thank Artrya's dedicated team across Australia and the US for all their hard work, resilience and dedication as they continue in their important mission to tackle the number one global cause of death, coronary artery disease.

With thanks,

Bernie Ridgeway

Non-Executive Chair



The US market remains our largest and most attractive opportunity, with the Salix product ideally positioned to take advantage of the growing use of coronary computed tomography angiography (CCTA).

CEO's letter

I'm delighted to provide you with Artrya's Annual Report for the 2023 financial year, as I settle into the role of chief executive officer.

I want to thank the Board and senior management for helping me achieve a smooth transition into the role following my commencement in April this year.

There are three clear areas of focus we have centred our efforts around at Artrya in FY2023.

Those key areas are: the US Food and Drug Administration regulatory approval process and the market opportunity that presents in the US; Australian and research only market entry; and of course cost control.

Our successful Q-submission meeting with the FDA in June provided the company with an agreed roadmap to follow in order to make a quality 510k submission. The feedback and guidance from the FDA is a critical part of the process for a successful 510k submission. Artrya was able to present our approach to software development and clinical reader study design to get FDA agreement on how the product is being developed.

The market opportunity in the US continues to grow, enhanced by the CPT reimbursement code released for Al-driven software that aids in the interpretation of Coronary Computed Tomography Angiography (CCTA). Artrya Salix users will receive immediate reimbursement for the use of the software when commercially launched in the US. United States healthcare is putting high value on Al tools for clinical decision support and is driving adoption by allocating a high reimbursement of US\$800–1,000 per CCTA scan for use of the software.

This will accelerate Artrya's entry into the US market and will likely drive adoption since the facility and practice will share in the reimbursement for Artrya Salix-aided interpretation of CCTAs. The allocation of the CPT reimbursement codes significantly strengthens Artrya's ability to rapidly commercialise the SCA product when FDA approval is received, while ensuring the market release of a quality, clinically-valued medical device product.

During FY23 Artrya continued to work towards a commercial launch of the product in the Australian market. While the Australian market does not provide the same financial opportunities as the US it is a great matter of pride for the company that we can bring this product to our home soil.

Putting Salix into the global research market is also an important part of the company's strategy. This enhances clinical credibility of the product by putting it in the hands of clinicians hence building our key opinion leaders network globally.

Management has focussed on prudent cost reduction while at the same time increasing the capability within the team, including additional skills in software and Al development and experienced global Regulatory Affairs and Clinical Operations specialists from global digital leader Google.

FY2023 saw an average monthly net cash burn of \$928,000 and a closing cash position at 30 June of \$20.3 million.

We are confident we will see our first revenue in FY2024. Our focus will remain on the three key areas I've mentioned above but we will add product development as a fourth target.

Artrya's product pipeline is strong with a clear opportunity once we release software for Fractional Flow Reserve (FFR) because another CPT code has been designated for reimbursement to analyse FFR from CCTA scans.

Artrya's dedicated, talented and very hard working team remains focused on the commercial success of the company by delivering our cutting edge AI technology to fight heart disease, the world's biggest cause of death.

your sincerely,

Mathew Regan

CEO



We are confident we will see our first revenue in FY2024. Our focus will remain on the three key areas I've mentioned above but we will add product development as a fourth target.

Board of Directors and Chief Executive Officer



Bernie Ridgeway

B.Bus (Accg), CAANZ, FAICD

Non-Executive Chair

Appointed 8 February 2021

Bernie brings a wealth of corporate experience to Artrya, including 37 years in private and ASX listed companies, spending most of that time in the role of Managing Director.

Bernie was Managing Director of the ASX listed top 300 company Imdex Limited (Imdex) for 20 years, retiring in July 2020. During that time, Imdex's revenue grew from approximately \$20m per annum in Australia to more than of \$270m per annum, generated from sales from more than 100 countries. In that period, the market capitalisation of Imdex grew from below \$10m to more than \$600m, and now exceeds \$750m.

His vision is for Artrya to become the global standard in noninvasive Al and machine learning to diagnose and treat coronary artery disease.

Bernie holds a Bachelor of Business in Accounting, is a qualified Chartered Accountant, and is a fellow of the Australian Institute of Company Directors (FAICD).



Mathew Regan
MIM, BSc (CompSc)

CEO

Appointed 27 March 2023

Mathew is an experienced executive who has worked in a variety of Industries including ASX listed companies, Private Equity and Cooperatives.

He has worked in multi-disciplinary environments from supply chain and logistics to finance and trading and is skilled in business strategy, culture and human resources, information technology, cyber security, innovation, digital and artificial intelligence.

Mathew has a background of leading large information technology teams and delivering transformative change in large corporate environments.

He places a high value on combining education with practical experience having successfully completed post graduate placements at the University of Western Australia and Stanford, where he completed the Stanford Executive Program (SEP) focused on Business and Innovation.



Kate Hill

B.Sci (Hons), CAANZ, GAICD

Executive Director

Appointed 22 February 2023

Kate is an experienced non-executive director of ASX listed companies and has particular expertise at board level in both technology companies and also the biotech and medical devices sectors. In addition, she has experience of other listing exchanges including Nasdaq (US) and AIM (UK).

Kate previously spent over 20 years as an audit partner at Deloitte, serving both ASX listed and privately owned clients. She has worked extensively in regulated environments including assisting with Initial Public Offerings, capital raising and general compliance, as well as operating in an audit environment.

She is currently the non-executive Chair of Seeing Machines Limited (LON:SEE), and non-executive director of Count Limited (ASX:CUP), MedAdvisor Limited (ASX:MDR), and Hipages Group Limited (ASX:HPG).

She is a member of the Institute of Chartered Accountants in Australia and New Zealand, and a graduate of the Australian Institute of Company Directors. She holds a BSc (Hons) in Mathematics and Statistics from the University of Bristol, UK.



Dr Jacque Sokolov
BA, MD, NACD
Non-Executive Director
Appointed 1 August 2022

Jacque joined the Artrya Board as a Non-Executive Director on 1 August 2022, bringing a second independent director to the Board. Dr Sokolov has a significant breadth of experience across all aspects of the US healthcare industry, in particular healthcare delivery, biotechnology and regulatory clearance.

Jacque received his BA and MD Degrees from the University of Southern California and completed his internal medicine residency at the Mayo Graduate School of Medicine followed by his fellowship in cardiovascular diseases/nuclear cardiology from the University of Texas-Southwestern Medical School.

He was appointed Artrya Clinical Advisory Board Chair in January 2022 and Chairman and President of Artrya USA Inc. in March 2022. Dr Sokolov is Chairman and Chief Executive Officer of SSB Solutions, Inc., a US diversified healthcare management, development and financial services company. His company has worked with more than 100 healthcare organisations across multiple US healthcare sectors to develop physician-driven, value-focused solutions in rapidly evolving markets.

He currently serves on multiple public, private and not-for-profit healthcare boards. He is especially focused on leading technology involving advanced digital health and next generation geneticbased companies. Over the past 3 years, he has held board appointments in US listed companies Lucid Diagnostics (NASDAQ: LUCD) and, up until 2021, MedCath Corporation (NASDAQ: MDTH).

Financial Report

Coronary Artery Disease. We See You.

Artrya Limited (ACN 624 005 741)

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Directors' report

The Directors of Artrya Limited (the **Company** or **Artrya**) and its subsidiaries (the **Group**) present the Directors' report, together with the financial report on the consolidated entity (referred to hereafter as the **Group**) for the financial year ended 30 June 2023.

1 Directors

The Directors of the Company at any time during or since the end of the financial year are set out below.

Mr Bernie Ridgeway

Non-Executive Chair

B.Bus (Accg), CAANZ, FAICD

Appointed 8 February 2021

Bernie brings a wealth of corporate experience to Artrya, including 37 years in private and ASX listed companies, spending most of that time in the role of Managing Director.

Bernie was Managing Director of the ASX listed top 300 company Imdex Limited (Imdex) for 20 years, retiring in July 2020. During that time, Imdex's revenue grew from approximately \$20m per annum in Australia to more than of \$270m per annum, generated from sales from over 100 countries. In that period, the market capitalisation of Imdex grew from below \$10m to over \$600m, and now exceeds \$750m.

His vision is for Artrya to become the global standard in non-invasive Al and machine learning to diagnose and treat coronary artery disease.

Bernie holds a Bachelor of Business in Accounting, is a qualified Chartered Accountant, and is a fellow of the Australian Institute of Company Directors (FAICD).

Ms Kate Hill

Non-Executive Director

B.Sci (Hons), CAANZ, GAICD

Appointed 22 February 2023

Kate has over 20 years' experience as an audit partner with Deloitte Touche Tohmatsu, working with ASX listed and privately-owned clients. She has worked extensively in regulated environments including assisting with Initial Public Offerings, capital raising and general compliance, as well as operating in an audit environment. She held a variety of leadership and executive roles in Deloitte and served for a period on the Board of Partners of the Australian firm.

She has held board appointments over the last three years in the following Australian listed companies:

- Count Limited (ASX: CUP) June 2017-Present Independent Non-Executive Director
- Seeing Machines Limited (AIM: SEE) December 2018-Present Chair
- MedAdvisor Limited (ASX: MDR) May 2023-Present Independent Non-Executive Director
- hipages Group Holdings Limited Aug 2023-Present Independent Non-Executive Director
- Elmo Software Limited (ASX: ELO) June 2018-February 2023
 Independent Non-Executive Director

Kate holds a Bachelor of Science (Hons) from Bristol University, is a member of the Institute of Chartered Accountants in Australia and New Zealand and is a graduate of the Australian Institute of Company Directors.

1 Directors (continued)

Dr Jacque Sokolov

Non-Executive Director

BA, MD, NACD

Appointed 1 August 2022

Dr Jacque Sokolov joined the Artrya Board as a Non-Executive Director on 1 August 2022. Dr Sokolov has a significant breadth of experience across all aspects of the US healthcare industry, in particular healthcare delivery, biotechnology, and regulatory clearance

Dr Sokolov received his BA and MD Degrees from the University of Southern California and completed his internal medicine residency at the Mayo Graduate School of Medicine followed by his fellowship in cardiovascular diseases/nuclear cardiology from the University of Texas-Southwestern Medical School.

He was appointed Artrya Clinical Advisory Board Chair in January 2022 and Chairman and President of Artrya USA Inc. in March 2022

Dr. Sokolov is Chairman and Chief Executive Officer of SSB Solutions, Inc., a US diversified healthcare management, development, and financial services company. His company has worked with more than 100 healthcare organisations across multiple US healthcare sectors to develop physician-driven, value-focused solutions in rapidly evolving markets.

He currently serves on multiple public, private and not-for-profit healthcare boards. He is especially focused on leading technology involving advanced digital health and next generation genetic-based companies. Over the last 3 years, he has held board appointments in the following US listed companies:

- Lucid Diagnostics, Inc. (NASDAQ: LUCD) 2021–Present Chairman - Compliance & Quality Committee Member - Audit & Compensation Committees
- MedCath Corporation (NASDAQ: MDTH) 2004–2021
 Chairman Compliance/Quality Committee

Mr John Konstantopoulos Executive Director

B.Eng Appointed 24 January 2018
Resigned 22 February 2023

With the knowledge and skills he gained providing strategic advice to boards and senior executives globally on the impact of digital disruption and innovation, John is instrumental in Artrya's pursuit to help save lives faster.

As the company's Co-Founder and Executive Director, John leads the product planning of Artrya's ground-breaking, non-invasive technology that will transform heart disease diagnosis.

John was previously employed at IBM, where he advised executives from some of the world's largest corporations on product commercialisation, strategy, digital transformation and enabling growth in markets such as Asia, the US and Europe.

John currently serves on the Faculty Advisory Council for Engineering and Science at Curtin University. He holds an engineering degree from the University of Technology, Pretoria.

Mr John Barrington AM

Managing Director and CEO

MBA, B.Bus, FAICD, FAIM

Appointed 24 January 2018

Resigned 27 March 2023

John Barrington AM brings over 35 years of strategy, innovation, technology, and start-up experience to Artrya.

His vision is to be a global leader in delivering Al solutions to reduce the largest cause of death in the world - heart disease.

With the knowledge and skills gained through founding a professional services firm, creating a big-data predictive analytics company, and chairing a platform technology company, John is helping make this vision a reality.

He previously had 12 years in the Information Technology industry and more than 20 years advising boards and executive teams on growth strategies. In addition to his industry experience, John has contributed to the community at large over a long period. He is currently Chair of the Harry Perkins Institute of Medical Research, Deputy Chair of the National Portrait Gallery, Chair of John Curtin Gallery, and Chair of the Curtin University School of Management & Marketing.

He was appointed a Member of the Order of Australia in January 2019 and received the Australian Institute of Company Directors NFP Award for Director Excellence in 2017.

1 Directors (continued)

John holds a Bachelor of Business from Curtin University and an MBA from the Australian Graduate School of Management, University of New South Wales. He is a Life Fellow of the Australian Institute of Management WA, and a Fellow of the Australian Institute of Company Directors.

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 | Eligible to Attend | Attended | | |
| Mr J Barrington (resigned 27 March 2023) | 8 | 8 | | |
| Mr J Konstantopoulos (resigned 22 February 2023) | 8 | 8 | | |
| Mr B Ridgeway | 12 | 12 | | |
| Dr J Sokolov (appointed 1 August 2022) | 11 | 11 | | |
| Ms K Hill (appointed 22 February 2023) | 4 | 4 | | |

3 Principal activities

The principal activities of the Group during the financial year ended 30 June 2023 were the development of medical technology using artificial intelligence to more accurately identify patients at risk of coronary artery disease.

There have been no significant changes in the nature of these activities during the year.

4 Operating result and financial review

Artrya is a medical technology company focused on commercialising its patented Salix suite of cloud-based software products to improve detection and treatment of coronary artery disease (CAD). Salix uses artificial intelligence (AI) to automate the detection of coronary artery disease from coronary computed tomography angiography (CCTA) scans, helping clinicians identify and manage patients at risk of a heart attack.

Review of operations

United States

Market entry and regulatory approval status

The Food & Drug Administration (FDA) regulatory approval strategy was redefined based on feedback received from the initial submission. Artrya will pursue both 510(k) and de novo approval pathways. While working towards a new FDA application the Company has reduced costs in US operations to enable appropriate investment in the key area of regulatory approval.

The revised approach to the US FDA approval process is moving rapidly. There is a clear timeline in place, with Artrya having lodged a Q-Sub submission in May 2023 and subsequently completing a Q-Sub meeting with the FDA in June 2023. The Q-Sub meeting is an important part of the FDA process at which Artrya presented its approach to software development and clinical reader study design to get FDA agreement on how the product is being developed. During the Q-Sub meeting, Artrya and the FDA agreed on a pathway to 510(k) regulatory clearance for the Salix product. Artrya discussed their multi-reader, multi-site study with the FDA and received feedback on the study design in preparation for their 510(k) submission. The Artrya 510(k) application will now be updated to include feedback and guidance from the FDA and is a critical step for a successful 510(k) submission.

It is expected that the final 510(k) pre-market application will be able to be submitted to the FDA in the first half of FY24 and 510(k) clearance is subject to FDA final review and approval.

4 Operating result and financial review (continued)

Pathway to a commercial product in the US

An important development in the US was the announcement that a Current Procedural Terminology (CPT) reimbursement code had been released for Al-driven software that aids in the interpretation of Coronary Computed Tomography Angiography (CCTA). This enables Artrya Salix users to receive immediate reimbursement for the use of the Salix software when commercially launched in the US. United States healthcare is putting high value on Al tools for clinical decision support and is driving adoption by allocating a high reimbursement of US\$800–1,000 per CCTA scan for use of the software.

This will significantly accelerate Artrya's entry into the US market and will drive adoption since the facility and practice will share in the reimbursement for Artrya Salix-aided interpretation of CCTAs. Our strong product pipeline will result in more than double this reimbursement once we release software for Fractional Flow Reserve (FFR) because another CPT code has been designated for reimbursement to analyse FFR from CCTA scans.

The allocation of the CPT reimbursement codes significantly strengthens Artrya's ability to rapidly commercialise the SCA product when FDA approval is received.

While the Company reduced its focus on marketing and operational activities in the US in the early part of the year, in order to focus efforts on the revised FDA application, nevertheless the work completed will stand the Company in good stead once the FDA approval is received.

Australia and New Zealand

Artrya Salix is already listed on the Australian Register of Therapeutic Goods (ID 347719).

On the basis of the Australian regulatory approval (ARTG 347719), the SCA product received NZ Medsafe registration in July 2022. This will allow the Company to commercialise the product in the New Zealand market.

During the year, the Company has focused on the refinement of the SCA product, following learnings and feedback from our pilot site testing program. More than 400 scans per month were being processed through the SCA product allowing for continued refinement and calibration and the Company has worked closely with clinicians to make important refinements to incorporate field experience.

United Kingdom and Europe

On 27 October 2022, the Company announced it had received regulatory approval for the SCA product in Europe.

The assessment scope of Artrya's European Notified Body (BSI) also includes UKCA certification in accordance with the UK Medical Devices Regulations 2002. Artrya's Salix Artificial Intelligence coronary software met or exceeded all regulatory requirements.

The separate approval notifications for European CE Marking and UKCA certification were delivered within a two-week period in late October and early November, providing significant endorsements of the SCA product's efficacy.

The United Kingdom provides a future key market opportunity for the Company. Artrya currently has a four-year contract in place until September 2024, to supply National Health Service Trust Hospitals throughout the UK with the SCA product.

The European regulatory approval also provides a substantial future market opportunity for Artrya. When the CE Mark certification is issued, Artrya is able to market the Salix software in 28 European Economic Area countries.

Scientific activity supporting product refinement, regulatory applications and revenue generation through credible research output also continued with a major award being received at the prestigious Society of Cardiovascular Computed Tomography conference in July 2022.

Changes to the Board and Executive Team

In August 2022, Dr Jacque Sokolov was appointed as a Non-Executive Director to the Artrya Ltd Board. Dr. Sokolov is Chairman and Chief Executive Officer of SSB Solutions, Inc., a US diversified healthcare management and development company. His company has worked with more than 100 healthcare organisations across multiple US healthcare sectors to develop physician-driven, value-focused solutions in rapidly evolving markets. Dr Sokolov is Chairman and President of Artrya USA Inc and Chairs the Artrya Clinical Advisory Board.

4 Operating result and financial review (continued)

In February 2023, John Konstantopoulos resigned from the Board. On the same day, Kate Hill was appointed as a Non-Executive Director of the Company. Kate brings extensive expertise in the areas of finance and governance, as well as experience in working with ASX listed companies focussed on growth.

With the addition of these two Non-executive Directors, the Company's Board has been strengthened considerably as we focus on the opportunities ahead.

On 27 March 2023, John Barrington resigned from the Board as Managing Director and as Chief Executive Officer of the Company. On the same day, Mathew Regan was appointed as Chief Executive Officer of the Company.

Financials

The Group posted a loss during the financial year ended 30 June 2023 of \$11,136,713 (2022: loss of \$17,155,188). The Group reported a cash balance of \$20.1 million (2022: \$15.3 million), with an additional \$274,000 in term deposits (2022: \$20.3 million). The net assets of the Group decreased from \$40.6 million to \$30.6 million.

Key risks

Significant risk factors to the Company's future financial performance are summarised as follows.

(a) Competitive industry

The medical technology and diagnostic industries are highly competitive, and include companies with significant financial, technical, human, research and development, and marketing resources. Artrya faces a number of risks in this regard, including existing competitors increasing market share, new entrants to the market, failure to meet customer expectations, failure to respond to changes in legislation, technology or industry requirements, and entry of new competitive products. As a consequence of such risks, Artrya's current and future technologies and products may become obsolete or uncompetitive, resulting in adverse effects on revenue, margins and profitability.

(b) Clinical and product development

Some of Artrya's product candidates are at a relatively early clinical stage and further clinical study using varied patient populations and larger sample sizes is necessary. No guarantee can be provided that the proposed clinical work will be successful or result in an approved product. There is no guarantee that pilot and study sites will be successful in presenting results that are acceptable to the market.

(c) Customer attraction and retention

The success of Artrya's business relies on its ability to attract new customers. Artrya primarily generates revenue through customers using its product by which customers typically "pay as you go" or pay a subscription fee. Artrya cannot guarantee that any future customers will not terminate their current service offering at the end of their initial contract term or any subsequent term. There is a risk that future customers may reduce or cease usage of Artrya's services or that they may not increase their usage, which would result in a reduction, or limited growth, in the revenue generated by Artrya.

(d) Future profitability

Artrya is still in the early sales and commercialisation stage for its Salix product. The Company is not yet profitable and has historically incurred losses. There is no guarantee that Artrya will be able to grow its product sales in any jurisdiction or will be successful in obtaining regulatory approvals target jurisdictions. Further, regulatory approval and clearance of Artrya's products is not in itself a guarantee of market adoption of Artrya's products, the latter being crucial for revenue generation and profitability. If Artrya's products fail to penetrate the Australian and international markets, or if it fails to obtain the required regulatory approvals for its products, Artrya may never become profitable.

4 Operating result and financial review (continued)

(e) Pricing risk

To stay competitive, Artrya may need to adjust its pricing models, or invest significantly more in innovation and development in relation to Artrya's products. Increases in costs of third-party software used by Artrya and other costs of servicing Artrya's products may decrease the margin Artrya can earn under its pricing models if it is unable to pass on those increases to its customers a result of competitive pressures or because their existing contracts prevent Artrya from doing so. Further, changes in customer behaviour, including, for example, changes in demand for different products, contract terms or changes in customer preferences in how the customers choose to interact with Artrya, may adversely impact on the margin Artrya is able to achieve from customer contracts. Any of these factors may lead to lower profitability.

(f) Failure to realise benefits from research and development

Developing software and technology is expensive and often involves an extended period to achieve a return on investment. An important aspect of Artrya's business is to continue to invest in innovation and related product development opportunities. Artrya believes that it must continue to dedicate resources to innovation efforts to develop Artrya's software and technology product offering to maintain its competitive position. Artrya may not, however, receive benefits from this investment for several years or may not receive benefits at all.

(g) Unforeseen expenditure

Expenditure may need to be incurred that has not been foreseen by Artrya. Although Artrya is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of Artrya and its proposed business plans.

(h) Litigation, disputes, and claims

Artrya may be subject to litigation and other disputes and claims in the ordinary course of its business, including employment disputes, contractual disputes, indemnity claims, occupational health and safety claims, or criminal or civil proceedings in the course of its business. Such litigation, disputes, and claims, including the cost of settling claims or paying any fines, operational impacts and reputational damage could materially adversely affect Artrya's business, operating and financial performance.

(i) Ability to attract and retain key personnel

A critical component of Artrya's success is the ongoing retention of key personnel, specifically members of the management and product development teams. There is a risk that Artrya may not be able to attract and retain key personnel or be able to find effective replacements for those key personnel in a timely manner. The market for highly skilled technology staff is extremely competitive, and that creates additional risks if there is a prolonged period for an open vacancy and Artrya has not been successful in sourcing a suitable candidate.

Since Artrya relies on the technological expertise of its employees to maintain and develop intellectual property, the loss of key personnel may lead to a loss of operational knowledge, technology capabilities, key partners, and customer relationships.

(j) Insurance

The Company will maintain insurance coverage that is substantially consistent with industry practice. However, there is no guarantee that such insurance or any future necessary coverage will be available to the Company at competitive premiums (if at all) or that, in the event of a claim, the level of insurance carried by the Company now or in the future will be adequate. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition, and results of the Company.

5 Significant changes in state of affairs

In the opinion of the Directors, other than as stated in the operating and financial review, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review except for those included in this report.

6 Environmental regulations

The Group 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 Kevin Hart was appointed as Company Secretary in October 2022. Kevin has over 30 years' experience in accounting and the management and administration of public listed entities in the mining, mining services and exploration sector. His experience includes senior accounting and finance roles with ASX listed companies. Kevin holds a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Institute of Chartered Accountants.

Mr Nathan Bartrop was Company Secretary until his resignation in October 2022. 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 Events subsequent to reporting date

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.

10 Likely developments

The Group 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 Group 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 Group.

11 Remuneration report - audited

The remuneration report details the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including all Directors. The remuneration report is set out under the following main headings:

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

11 Remuneration report - audited (continued)

Principles used to determine the nature and amount of remuneration

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

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

The Board is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Company depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Company. The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

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

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

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

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director remuneration is separate.

Non-Executive Directors' remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually. The Board may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. Non-Executive Directors are entitled to receive shares, share options and performance rights under the Artrya Limited 2021 Incentive Awards Plan. Any awards under the plan are 100% at the discretion of the Board. Prior to this plan, options over shares were granted under the Artrya Limited 2019 Employee Options Plan on 9 July 2021. A number of these options vested upon the Company's admission to the ASX. Further details can be found under the heading "Share-based compensation" below.

Commencing 1 January 2022, the Non-Executive Director and Chair, Mr Bernie Ridgeway, receives \$100,000 per annum (plus statutory superannuation). Prior to 1 January 2022, Mr Bernie Ridgeway received \$50,000 per annum (plus statutory superannuation).

On appointment, 1 August 2022, Non-Executive Director Jacque Sokolov received US\$15,000 per month. This was revised to US\$10,000 per month from 1 January 2023.

Since appointment, on 22 February 2023, Non-Executive Director Kate Hill receives \$70,000 per annum (inclusive of statutory superannuation).

Directors may also be reimbursed for expenses properly incurred by them in dealing with the Company's business or in carrying out their duties as a Director.

11 Remuneration report - audited (continued)

Under the Constitution, the Board decides the total amount paid to each Non-Executive Director as remuneration for their services as a Director. However, under the ASX Listing Rules, the total amount of fees paid to all Directors for their services (excluding, for these purposes, the salary of any Executive Director) must not exceed in aggregate in any financial year the amount fixed by the Company's shareholders in general meeting, which is currently \$500,000 per annum.

Executive remuneration

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

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

The combination of these comprise the executive's total remuneration. Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual performance, the overall performance of the Company and comparable market remunerations. Executives may receive their fixed remuneration in the form of cash.

The short-term incentives ('STI') program is designed to align the targets of the Company with the performance hurdles of executives. STI payments are granted to executives based on specific targets and key performance indicators ('KPI's') being achieved. None of the executives received any short-term incentives during the 2023 financial year as no STIs were awarded. The long-term incentives ('LTI') include share-based payments. Further details can be found under the heading "Share-based compensation" below.

Use of remuneration consultants

The Company commenced its engagement of a remuneration consultant in June 2021 to provide remuneration advice for the 2022 financial year. The remuneration consultant was not engaged to provide advice in relation to the remuneration of Directors or the Company's Employee Incentive Awards Plan this year (2022: \$12,000 and \$21,807, respectively).

The engagement of The Reward Practice was based on engagement protocols followed by The Reward Practice. The protocols included agreeing the consultation requirements with management and the Board throughout their engagement and the extent to which management should be involved.

These arrangements were implemented to ensure that The Reward Practice would be able to carry out its work, including information capture and the formation of its recommendations, free from undue influence by members of the key management personnel about whom the recommendations may relate.

The Board is satisfied that the remuneration advice provided by The Reward Practice was free from undue influence by members of the key management personnel about whom the recommendations may relate.

The Board undertook its own inquiries and review of the work performed by The Reward Practice during the course of its assignment and is satisfied that the remuneration advice was provided free from undue influence.

These inquiries included arrangements under which The Reward Practice was required to provide the Board with a summary of its work and respond to questioning by members of the Board after the completion of the assignment.

Shareholder wealth

The Group aims to align its executive remuneration to its strategic and business objective and the creation of shareholder wealth. The tables below show measures of the Group's financial performance over the last four years (being the extent of available historic audited performance information) as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded. At this stage of the lifecycle of the Group, shareholder wealth is impacted by the status of R&D projects and whether approvals are obtained and hence milestones of completion have been used as key measures and metrics in LTI.

11 Remuneration report - audited (continued)

The indices of the Company for the five years to 30 June 2023 are summarised below.

| | 2023 | 2022 | 2021 | 2020 |
|--|----------|----------|---------|---------|
| Loss for the year (\$'000s) | (11,136) | (17,155) | (4,080) | (1,354) |
| Share price at financial year end (\$)* | 0.22 | 0.65 | _ | _ |
| Total dividends declared (cents per share) | - | - | _ | _ |
| Basic earnings per share (cents per share) | (14.21) | (25.92) | (11.85) | - |

The Company's shares first traded on the ASX on 26 November 2021 after successful completion of its IPO at \$1.35 per share. Accordingly, no share price information has been provided prior to the 2022 financial year.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Company are set out in the following tables. The key management personnel of the Company consisted of the following Directors and Executives of the Company:

- · Bernie Ridgeway Non-Executive Chairman
- John Barrington Managing Director (resigned 27 March 2023)
- John Konstantopoulos Executive Director (resigned 22 February 2023)
- Dr Jacque Sokolov Non-Executive Director (appointed 1 August 2022)
- Kate Hill Non-Executive Director (appointed 22 February 2023)
- Mathew Regan Chief Executive Officer (appointed 27 March 2023)

| | Short-teri | m benefits | Post- employment benefits | Long-term benefits | Share-based payments | Termination benefits | Total |
|-------------------|----------------------|--------------|---------------------------------|-----------------------|----------------------|----------------------|-----------|
| | Cash salary and fees | Annual leave | Super- annuation | Long service leave | Equity- settled | | |
| 2023 | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| B Ridgeway | 100,000 | - | 10,500 | - | - | - | 110,500 |
| J Barrington* | 345,256 | 90,497 | 16,263 | (7,332) | 71,250 | 502,927 | 1,018,861 |
| J Konstantopoulos | 239,613 | 39,053 | 16,042 | (7,243) | - | - | 287,465 |
| J Sokolov | 206,564 | - | - | - | - | - | 206,564 |
| K Hill | 24,790 | - | - | - | - | - | 24,790 |
| M Regan | 115,733 | 8,902 | 12,152 | - | 29,899 | - | 166,686 |
| | 1,031,956 | 138,452 | 54,957 | (14,575) | 101,149 | 502,927 | 1,814,866 |

^{*} Included in cash salary and fees is an amount of \$2,007 in respect of approved spouse travel to attend a corporate function.

| | Short-term | benefits | Post- employment benefits | Long-term benefits | Share-based payments | Total |
|-------------------|----------------------|--------------|---------------------------------|-----------------------|----------------------|-----------|
| | Cash salary and fees | Annual leave | Super- annuation | Long service leave | Equity-settled | |
| 2022 | \$ | \$ | \$ | \$ | \$ | \$ |
| B Ridgeway | 75,000 | - | 7,500 | _ | 416,925 | 499,425 |
| J Barrington | 453,000 | 60,731 | 22,000 | 5,598 | 555,900 | 1,097,229 |
| J Konstantopoulos | 447,500 | 60,517 | 27,500 | 5,509 | 555,900 | 1,096,926 |
| | 975,500 | 121,248 | 57,000 | 11,107 | 1,528,725 | 2,693,580 |

Remuneration report - audited (continued)

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

| | Fixed remuneration | | At ris | k – STI | At risk - LTI | |
|-------------------|--------------------|------|--------|---------|---------------|------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| B Ridgeway | 100% | 17% | -% | -% | -% | 83% |
| J Barrington | 93% | 49% | -% | -% | 7% | 51% |
| J Konstantopoulos | 100% | 49% | -% | -% | -% | 51% |
| J Sokolov | 100% | n/a | -% | n/a | -% | n/a |
| K Hill | 100% | n/a | -% | n/a | -% | n/a |
| M Regan | 82% | n/a | -% | n/a | 18% | n/a |

n/a – the KMP only joined the Board or Company this year.

Service agreements

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

| Name: | Bernie Ridgeway |
|----------------------|--|
| Title: | Non-Executive Director |
| Agreement effective: | 8 February 2021 |
| Term of agreement: | 3 years from date of appointment with subsequent years subject to re-election by shareholders. |
| Fees: | A fee of \$50,000 per annum plus statutory superannuation which was increased, effective 1 January 2022, to \$100,000 per annum plus statutory superannuation. |
| Notice period: | None. |
| | |
| Name: | John Barrington |
| Title: | Managing Director |
| Agreement effective: | 1 July 2021 - 27 March 2023 (resignation) |
| Term of agreement: | Ongoing employment agreement. |
| Fees: | \$489,250 per annum inclusive of statutory superannuation (2022: \$475,000 per annum plus statutory superannuation). Statutory annual and long service leave entitlements. |
| Notice period: | 12 months.* |

11 Remuneration report - audited (continued)

| Name: | John Konstantopoulos |
|----------------------|--|
| Title: | Executive Director |
| Agreement effective: | 1 July 2021 – 31 January 2023 |
| Term of agreement: | Ongoing employment agreement. |
| Fees: | \$475,000 per annum inclusive of statutory superannuation, revised to \$350,000 per annum inclusive statutory superannuation on 1 November 2022. Statutory annual and long service leave entitlements. |
| Notice period: | 12 months.** |
| Agreement effective: | 31 January 2023 – 31 January 2024 ** |
| Term of agreement: | Fixed term consultancy agreement. |
| Fees: | \$150,000 per annum. |
| Notice period: | 12 months.** |

A termination payment for the notice period was made to the Director. It was agreed by the Board that the Director did not need to remain in service for the notice period.

A consultancy agreement came into effective immediately after the Director resigned as an employee of the Company; the notice period of the employment agreement no longer applied. The Director resigned from the Board and as a KMP of the Company on 22 February 2023. The consultancy agreement remained in effect until his re-employment as an employee of the Company on 1 May 2023. (He did not resume as a KMP of the Company on this date.)

| Name: | Jacque Sokolov |
|----------------------|---|
| Title: | Non-Executive Director |
| Agreement effective: | 29 July 2022 |
| Term of agreement: | Ongoing consultancy agreement, previously entered into and amended on, respectively, 13 January 2022 and 15 April 2022. |
| Fees: | US\$15,000 per month until 31 December 2022. US\$10,000 per month since 1 January 2023. |
| Notice period: | None. |
| Name: | Kate Hill |
| Tullio. | Nate i ili |
| Title: | Non-Executive Director |
| Agreement effective: | 22 February 2023 |
| Term of agreement: | 3 years from date of appointment with subsequent years subject to re-election by shareholders. |
| Fees: | \$70,000 per annum inclusive of statutory superannuation |
| Notice period: | None. |

11 Remuneration report - audited (continued)

| Name: | Mathew Regan |
|-----------------------------|---|
| Title: | Chief Executive Officer |
| Agreement effective: | 27 March 2023 |
| Term of agreement: | Ongoing employment agreement. |
| Fees: | \$475,000 per annum inclusive of statutory superannuation. |
| | Statutory annual and long service leave entitlements. |
| Performance rights package: | Tranche 1 - 1,000,000 performance rights will vest on the company's share price of 75 cents being maintained for five (5) consecutive trading days based on the ASX closing share price for the company's shares. |
| | Tranche 2 – 1,000,000 performance rights will vest on the company's share price of \$1.35 being maintained for five (5) consecutive trading days based on the ASX closing share price for the company's shares. |
| | Tranche 3 – 1,000,000 performance rights will vest on the company's share price of \$2.50 being maintained for five (5) consecutive trading days based on the ASX closing share price for the company's shares. |
| | The employee needs to remain employed with the Company at the time the vesting condition is met. The performance rights will have an expiry date 5 years from the date of issue. |
| | If a Change of Control occurs, any vesting conditions in respect of the performance rights will be deemed to be automatically waived. |
| Notice period: | 6 months. |

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

Share-based compensation Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Options & performance rights

Options and performance rights over shares in Artrya Limited are granted under the Artrya Limited 2021 Incentive Awards Plan (IAP21). The IAP21 is designed to provide long term incentives for executives, Directors, officers, employees and consultants to deliver long term shareholder returns, and participation in the future growth of the Company. The Incentive Award Plan is subject entirely to the discretion of the Board. Under the Scheme participants are granted options, performance rights and/or shares which typically are subject to vesting conditions as determined at the discretion of the Board. The Scheme allows the Company to issue free options, performance rights and/or shares to an eligible person. The options are exercisable at a fixed price in accordance with the Plan. The performance rights convert automatically into shares subject to satisfaction of vesting conditions. The options and performance rights of any participant in the scheme generally lapse where the relevant person ceases to be an employee or Director of, or vendor services to the Company.

During the year, the Directors exercised their discretion under the IAP21 and decided to issue 3,439,815 of performance rights to KMP as part of their remuneration (2022: nil); no options were issued (2022: 5,500,000).

11 Remuneration report - audited (continued)

Details of the performance rights granted to KMP in the 2023 financial year and the performance conditions are outlined below.

| 2023 | Grant Date | Performance Right life | Pricing Model | Fair value per right | Share price barrier | Price of shares on grant date | Expected volatility (iii) | Risk free interest rate | Dividend yield |
|---------------|--------------------------------|---------------------------|------------------|-------------------------|---------------------------|--|---------------------------|----------------------------------|-------------------|
| I Damin et an | 219,908 (i) | 0./2 | Marria Osula | 001/0 | Ó0.FF1 | ¢ο./ο | 00% | 2.179/ | 09/ |
| J Barrington | 14 Nov 2022 219,907 (ii) | 2.63 years | Monte Carlo | \$0.162 | \$2.551 | \$0.69 | 80% | 3.17% | 0% |
| J Barrington | 14 Nov 2022 | 2.63 years | Monte Carlo | \$0.162 | \$4.464 | \$0.69 | 80% | 3.26% | 0% |
| M Regan | 1,000,000 (iii) 25 Mar 2023 | 5 years | Monte Carlo | \$0.212 | \$0.750 | \$0.24 | 100% | 2.95% | 0% |
| M Regan | 1,000,000 (iv) 25 Mar 2023 | 5 years | Monte Carlo | \$0.190 | \$1.350 | \$0.24 | 100% | 2.95% | 0% |
| M Regan | 1,000,000 (v) 25 Mar 2023 | 5 years | Monte Carlo | \$0.163 | \$2.500 | \$0.24 | 100% | 2.95% | 0% |

- (i) The rights vest when the Company achieves a market capitalisation of \$200 million by 30 June 2024 and the Director has remained in service until 30 June 2025. It was agreed by the Board that the Director would retain these rights following their resignation on 27 March 2023. There was no change to the fair value due to this modification. The share price on this date was \$0.28.
- (ii) The rights vest when the Company achieves a market capitalisation of \$350 million by 30 June 2025 and the Director has remained in service until 30 June 2025. It was agreed by the Board that the Director would retain these rights following their resignation on 27 March 2023. There was no change to the fair value due to this modification. The share price on this date was \$0.28.
- (iii) The rights vest on the Company's share price of \$0.75 being maintained for five consecutive trading days based on the ASX closing share price for the Company's shares and remaining employed by the Company.
- (iv) The rights vest on the Company's share price of \$1.35 being maintained for five consecutive trading days based on the ASX closing share price for the Company's shares and remaining employed by the Company.
- (v) The rights vest on the Company's share price of \$2.50 being maintained for five consecutive trading days based on the ASX closing share price for the Company's shares and remaining employed by the Company.

Fair values at grant date are determined using pricing models that take into account the implied share price barrier, the term of the right, 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 right.

Additional information

Performance rights holdings of key management personnel

The number of performance rights in the Company held during the financial year by the key management personnel of the Company, including their personally related parties, is set out below. Nil performance rights were held in the previous year.

| 2023 | Balance at the start of the year | Granted | Expired/ forfeited/ other* | Balance at the end of the year |
|-------------------|----------------------------------|-----------|-------------------------------|--------------------------------|
| B Ridgeway | - | - | _ | - |
| J Barrington* | - | 439,815 | (439,815) | - |
| J Konstantopoulos | - | - | - | - |
| J Sokolov | - | - | - | - |
| M Regan | - | 3,000,000 | - | 3,000,000 |
| K Hill | - | - | - | _ |

J Barrington resigned on 27 March 2023. It was agreed by the Board that the Director would retain these rights following their resignation. The number represents the rights held at resignation date.

11 Remuneration report - audited (continued)

Details of the vesting profiles and values of performance rights impacting remuneration for this and future financial years held by each KMP of the Group are the same as those disclosed earlier for performance rights granted this financial year.

| 2023 | Number of rights granted | Grant date | Expiry date | % vested in year | Date vested | Number vested during the year | Other | Value \$ |
|--------------|--------------------------------|-------------|-------------|------------------|----------------------|--|---------|-------------|
| J Barrington | 219,908 | 14 Nov 2022 | 30 Jun 2025 | Nil | Not yet vested (i) | - | 219,908 | 35,625 |
| J Barrington | 219,907 | 14 Nov 2022 | 30 Jun 2025 | Nil | Not yet vested (ii) | - | 219,907 | 35,625 |
| M Regan | 1,000,000 | 25 Mar 2023 | 28 Mar 2028 | Nil | Not yet vested (iii) | - | - | 11,219 |
| M Regan | 1,000,000 | 25 Mar 2023 | 28 Mar 2028 | Nil | Not yet vested (iv) | - | - | 10,055 |
| M Regan | 1,000,000 | 25 Mar 2023 | 28 Mar 2028 | Nil | Not yet vested (v) | - | - | 8,626 |

- (i) The rights vest when the Company achieves a market capitalisation of \$200 million by 30 June 2024 and the Director has remained in service until 30 June 2025. It was agreed by the Board that the Director would retain these rights following their resignation on 27 March 2023. There was no change to the fair value due to this modification. The share price on this date was \$0.28.
- (ii) The rights vest when the Company achieves a market capitalisation of \$350 million by 30 June 2025 and the Director has remained in service until 30 June 2025. It was agreed by the Board that the Director would retain these rights following their resignation on 27 March 2023. There was no change to the fair value due to this modification. The share price on this date was \$0.28.
- (iii) The rights vest on the Company's share price of \$0.75 being maintained for five consecutive trading days based on the ASX closing share price for the Company's shares and remaining employed by the Company.
- (iv) The rights vest on the Company's share price of \$1.35 being maintained for five consecutive trading days based on the ASX closing share price for the Company's shares and remaining employed by the Company.
- (v) The rights vest on the Company's share price of \$2.50 being maintained for five consecutive trading days based on the ASX closing share price for the Company's shares and remaining employed by the Company.

Option holdings of key management personnel

The number of options over ordinary shares in the Company held during the financial year by the key management personnel of the Company, including their personally related parties, is set out in the following table.

| 2023 | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year | Vested and exercisable at the end of the year |
|---------------------|----------------------------------|---------|-----------|------------------------------|--------------------------------|--|
| B Ridgeway* | 2,000,000 | _ | - | (750,000) | 1,250,000 | 1,250,000 |
| J Barrington** | 5,000,000 | - | - | (5,000,000) | - | - |
| J Konstantopoulos** | 5,000,000 | - | - | (5,000,000) | - | - |
| J Sokolov*** | - | - | - | ***3,900,000 | 3,900,000 | 3,900,000 |
| K Hill**** | n/a | - | - | - | - | - |
| M Regan**** | n/a | - | - | - | - | - |

- * 750,000 options (37.5% of individual holdings) were due to vest by 30 June 2023 upon the achievement of international contracts to the value of US\$10m. As this condition was not met, the options lapsed at year end.
- ** J Barrington and J Konstantopoulos resigned from the Board on 27 March 2023 and 22 February 2023, respectively. It was agreed by the Board that the Directors would retain these options following their resignation. There was no change to the fair value of these options due to this modification. The number represents the options held at resignation date. Subsequent to their cessation as KMP, 1,000,000 options for each of them (20% of individual holdings) were due to vest by 30 June 2023 upon the achievement of international contracts to the value of US\$10m. As this condition was not met, the options lapsed at year end.
- *** J Sokolov was appointed to the Board on 22 February 2023. This was the number held on appointment.
- **** K Hill was appointed to the Board on 22 February 2023.
- ***** M Regan was employed as Chief Executive Officer of the Company on 27 March 2023.

11 Remuneration report - audited (continued)

| 2022 | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year | Vested and exercisable at the end of the year |
|-------------------|--|-----------|-----------|---------------------------------|--------------------------------------|---|
| B Ridgeway | 500,000 | 1,500,000 | _ | _ | 2,000,000 | 1,250,000 |
| J Barrington | 3,000,000 | 2,000,000 | _ | - | 5,000,000 | 1,000,000 |
| J Konstantopoulos | 3,000,000 | 2,000,000 | - | _ | 5,000,000 | 1,000,000 |

Details of the vesting profiles and values of options impacting remuneration for this and future financial years held by each KMP of the Group are disclosed below:

| 2023 | Number of options granted | Grant date | Expiry date | Exercise price | % vested in year | Date vested and exercisable | Number vested during the year | Value \$ |
|-------------------|---------------------------------|-------------|-------------|----------------|------------------|-----------------------------|--|-------------|
| J Barrington | 2,000,000 | 25 Mar 2019 | 25 Mar 2024 | \$0.001 | Nil | Not yet vested (i) | - | - |
| J Barrington | 1,000,000 | 25 Mar 2019 | 25 Mar 2024 | \$0.001 | Nil | Not yet vested (ii) | - | - |
| J Konstantopoulos | 2,000,000 | 25 Mar 2019 | 25 Mar 2024 | \$0.001 | Nil | Not yet vested (i) | - | - |
| J Konstantopoulos | 1,000,000 | 25 Mar 2019 | 25 Mar 2024 | \$0.001 | Nil | Not yet vested (ii) | - | - |

- (i) Exercisable following the Company generating the first sales revenue of any amount from a contracted customer for use of the Software as a Service (SaaS) Salix Coronary Anatomy (SCA) product, as evidenced by the existence of a fully executed Customer Agreement and as recorded in audited financial statements of the Company, with such revenue being directly attributable to sales of the SCA product to customers, before expiry date of 25 March 2024.
- (ii) Exercisable following the Company generating the first sales revenue of any amount from a contracted customer for use of the Software as a Service (SaaS) Salix Coronary Anatomy (SCA) product, as evidenced by the existence of a fully executed Customer Agreement and as recorded in audited financial statements of the Company, with such revenue being directly attributable to sales of the SCA product to customers outside of Australia, before expiry date of 25 March 2024.

| | Number of options | | | Exercise | % vested | Date vested and | Number vested during the | Value |
|-------------------|----------------------|-------------|-------------|----------|----------|---------------------|--------------------------------|---------|
| 2022 | granted | Grant date | Expiry date | price | in year | exercisable | year | \$ |
| B Ridgeway | 750,000 | 9 Jul 2021 | 9 Jul 2026 | \$1.00 | 100% | 26 Nov 2021(i) | 750,000 | 416,926 |
| B Ridgeway | 750,000 | 9 Jul 2021 | 9 Jul 2026 | \$1.00 | Nil | Not yet vested(ii) | - | - |
| J Barrington | 2,000,000 | 25 Mar 2019 | 25 Mar 2024 | \$0.001 | Nil | Not yet vested(iii) | - | - |
| J Barrington | 1,000,000 | 25 Mar 2019 | 25 Mar 2024 | \$0.001 | Nil | Not yet vested(iv) | - | - |
| J Barrington | 1,000,000 | 9 Jul 2021 | 9 Jul 2026 | \$1.00 | 100% | 26 Nov 2021(i) | 1,000,000 | 555,900 |
| J Barrington | 1,000,000 | 9 Jul 2021 | 9 Jul 2026 | \$1.00 | Nil | Not yet vested(ii) | - | - |
| J Konstantopoulos | 2,000,000 | 25 Mar 2019 | 25 Mar 2024 | \$0.001 | Nil | Not yet vested(iii) | - | - |
| J Konstantopoulos | 1,000,000 | 25 Mar 2019 | 25 Mar 2024 | \$0.001 | Nil | Not yet vested(iv) | - | - |
| J Konstantopoulos | 1,000,000 | 9 Jul 2021 | 9 Jul 2026 | \$1.00 | 100% | 26 Nov 2021(i) | 1,000,000 | 555,900 |
| J Konstantopoulos | 1,000,000 | 9 Jul 2021 | 9 Jul 2026 | \$1.00 | Nil | Not yet vested(ii) | - | - |

- (i) Exercisable at \$1 on listing of Artrya Ltd, which was achieved on 26 November 2021.
- (ii) Exercisable at \$1 on the achievement of international contracts to the value of US\$10m by 30 June 2023.
- (iii) Exercisable following the Company generating the first sales revenue of any amount from a contracted customer for use of the Software as a Service (SaaS) Salix Coronary Anatomy (SCA) product, as evidenced by the existence of a fully executed Customer Agreement and as recorded in audited financial statements of the Company, with such revenue being directly attributable to sales of the SCA product to customers, before expiry date of 25 March 2024.
- (iv) Exercisable following the Company generating the first sales revenue of any amount from a contracted customer for use of the Software as a Service (SaaS) Salix Coronary Anatomy (SCA) product, as evidenced by the existence of a fully executed Customer Agreement and as recorded in audited financial statements of the Company, with such revenue being directly attributable to sales of the SCA product to customers outside of Australia, before expiry date of 25 March 2024.

11 Remuneration report - audited (continued)

Options granted carry no dividend or voting rights

750,000 options, granted on 9 July 2021 and held by B Ridgeway, lapsed on 30 June 2023. The options were exercisable at \$1, subject to the achievement of international contracts to the value of US\$10m by 30 June 2023; this condition was not met at 30 June 2023. There were no options that were exercised or forfeited during the year in relation to options held by key management personnel.

Share holdings of key management personnel

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

| 2023 | Balance at the start of the year | Other | Purchased | Balance at the end of the year |
|--------------------|----------------------------------|-------------|-----------|--------------------------------|
| B Ridgeway | 2,758,781 | - | 362,244 | 3,121,025 |
| J Barrington* | 7,593,095 | (7,593,095) | - | - |
| J Konstantopoulos* | 7,000,000 | (7,000,000) | - | - |
| J Sokolov | n/a** | - | - | - |
| K Hill | n/a** | - | 200,000 | 200,000 |
| M Regan | n/a*** | 56,559 | 450,000 | 506,559 |

^{*} J Barrington and J Konstantopoulos resigned from the Board on 27 March 2023 and 22 February 2023, respectively. The number represents the shares held at resignation date.

Additional disclosures relating to key management personnel

Loans to key management personnel and their related parties

There were no loans to key management personnel and their related parties this year.

Other transactions with key management personnel and their related entities

Upon his resignation, John Barrington purchased the IT equipment he had been using during his employment with the Company. The expense of \$2,626 was based on the written down value of the assets at the time of his resignation.

There were no other transactions with key management personnel and their related entities during the year (2022: \$nil).

This concludes the remuneration report, which has been audited.

12 Directors' interests

The relevant interest of each Director in the shares, performance rights and options issued by the Company, as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

| 2023 | Ordinary shares | Performance rights | Options |
|------------|-----------------|--------------------|-----------|
| B Ridgeway | 3,121,025 | - | 1,250,000 |
| K Hill | 200,000 | - | - |
| J Sokolov | - | - | 3,900,000 |

^{**} J Sokolov and K Hill were appointed to the Board on 1 August 2022 and 22 February 2023, respectively.

^{***} M Regan was employed as Chief Executive Officer of the Company on 27 March 2023.

13 Share options and performance rights

Options over unissued shares

As at the date of this report, options over ordinary shares in the Company are:

| Expiry date | Exercise price | Number of options ⁽ⁱ⁾ |
|-------------|----------------|----------------------------------|
| 25/03/2024 | \$0.001 | 6,000,000 |
| 23/09/2025 | \$0.056 | 1,300,000 |
| 27/11/2025 | \$0.075 | 165,000 |
| 31/12/2025 | \$0.075 | 1,226,752 |
| 23/04/2026 | \$1.00 | 500,000 |
| 09/07/2026 | \$1.00 | 5,500,000* |
| 13/01/2027 | \$1.35 | 1,300,000 |
| 13/01/2027 | \$3.00 | 1,300,000 |
| 13/01/2027 | \$5.00 | 1,300,000 |
| 16/02/2027 | \$1.50 | 2,000,000 |
| 28/03/2027 | \$1.35 | 650,000 |
| 28/03/2027 | \$3.00 | 650,000 |
| 28/03/2027 | \$5.00 | 650,000 |
| 20/06/2027 | \$1.35 | 325,000 |
| 20/06/2027 | \$3.00 | 325,000 |
| 20/06/2027 | \$5.00 | 325,000 |
| 01/07/2027 | \$1.50 | 500,000 |

^{* 2,750,000} of these options lapsed on 30 June 2023 but have not yet been deregistered.

Performance rights

As at the date of this report, the Company has on issue 4,584,631 performance rights(i).

(i) These options and performance rights do not entitle the holder to participate in any share issue of the Company or any other body corporate. The holders of options and performance rights are not entitled to any voting rights until the options or performance rights are converted into ordinary shares.

Shares issued on exercise of options

On 14 September 2022 and 14 June 2023, the Company issued a total of 270,000 shares as a result of the exercise of options. The options were fully paid; the amount paid for them was \$20,250. The Company has not issued any other ordinary shares of the Company as a result of the exercise of options during or since the end of the financial year (2022: 135,000).

Shares issued under Employee Incentives Award Plan 2021

An additional 21,403 shares were issued to employees under the Employee Incentives Award Plan 2021 (2022: nil).

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 2023. Such insurance contracts insure against certain liability (subject to specific exclusions), persons who are or have been Directors or executive officers of the Company.

14 Indemnification and insurance of officers and auditors (continued)

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 Non-audit services

During the year, KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are of the opinion that the services as disclosed above do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are set out below.

2023

(Ś)

| | (4) |
|--|---------|
| Services other than audit and review of financial statements | |
| Taxation compliance services | 33,339 |
| Research and Development tax incentive | 63,702 |
| Tax advice | 4,865 |
| Other assurance services – grant acquittal audit | 12,000 |
| | 113,906 |
| Audit and review of financial statements | 114,419 |
| Total paid to KPMG | 228,325 |
| | |

16 Officers of the Company who are former partners of KPMG

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

17 Auditor's independence declaration

The auditor's independence declaration is set out on page 67 and forms part of the Directors' report for the financial year ended 30 June 2023.

18 Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the rounding off of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar, unless otherwise stated.

This report is made with a resolution of the Directors:

13

Bernie Ridgeway

Non-Executive Chair

Ridgeway

Dated at Perth this 31st day of August 2023

Consolidated Financial Statements

For the year ended 30 June 2023

Consolidated statement of financial position

As at 30 June 2023

| Accumulated losses | | (33,872) | (22,736 |
|--------------------------------------|----|----------|---------|
| Foreign currency translation reserve | 16 | 9 | 5 |
| Share-based payments reserve | 16 | 7,984 | 6,973 |
| Share capital | 15 | 56,435 | 56,398 |
| Equity | | | |
| Net assets | | 30,556 | 40,640 |
| | | | |
| Total liabilities | | 2,532 | 3,229 |
| Total non-current liabilities | | 937 | 1,166 |
| Employee benefits | 14 | - | 18 |
| Lease liabilities | 12 | 937 | 1,148 |
| Non-current liabilities | | | |
| Fotal current liabilities | | 1,595 | 2,063 |
| Employee benefits | 14 | 196 | 35 |
| Lease liabilities | 12 | 275 | 220 |
| Trade and other payables | 13 | 1,124 | 1,492 |
| Current liabilities | | | |
| <u> Liabilities</u> | | | |
| Fotal assets Formula | | 33,088 | 43,869 |
| Total non-current assets | | 9,379 | 5,999 |
| Right-of-use assets | 12 | 511 | 519 |
| ntangible assets | 11 | 7,171 | 3,67 |
| Property, plant and equipment | 10 | 1,697 | 1,80 |
| Non-current assets | | | |
| Total current assets | | 23,709 | 37,870 |
| Prepayments | | 231 | 32 |
| Other investments | 9 | 274 | 20,27 |
| Trade and other receivables | 8 | 3,072 | 1,98 |
| Cash and cash equivalents | 7 | 20,132 | 15,285 |
| Current assets | | | |
| Assets | | | |
| | | | |

The notes on pages 38 to 65 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

| | Note | 2023 (\$'000) | 2022 (\$'000) |
|--|------|------------------|------------------|
| | | | <u></u> |
| Other income | 4 | 996 | 197 |
| | | | |
| Accounting and audit | | (328) | (325) |
| Contractors and consultants | | (2,635) | (2,655) |
| Depreciation and amortisation | | (552) | (202) |
| Foreign exchange loss | | (18) | (84) |
| Employee benefits | 14 | (5,746) | (3,377) |
| Website and software | | (297) | (292) |
| Recruitment | | (304) | (407) |
| Travel | | (325) | (148) |
| Legal | | (80) | (215) |
| Share-based payments expense | | (949) | (5,608) |
| Marketing and branding | | (212) | (1,696) |
| Other expenses | | (1,014) | (1,860) |
| Finance income | 5 | 404 | 73 |
| Finance costs | 5 | (58) | (21) |
| Net finance income | | 346 | 52 |
| Loss before tax | | (11,118) | (16,672) |
| Income tax expense | 6 | (18) | (535) |
| Loss for the year attributable to the owners of Artrya Limited | | (11,136) | (17,155) |
| | | | |
| Other comprehensive income – foreign currency translation differences | | 4 | 5 |
| Total comprehensive loss for the year attributable to the owners of Artrya Limited | | (11,132) | (17,150) |
| | | | |
| Earnings/(loss) per share (cents): | | | |
| Basic loss per share (cents) | 21 | (14.21) | (25.92) |
| Diluted loss per share (cents) | 21 | (14.21) | (25.92) |

The notes on pages 38 to 65 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2023

| | | | | Foreign | | |
|--|------|---------------|-----------------------|------------------------|--------------------|---------------|
| | | | Share-based | Currency | | |
| | | Share capital | payments reserve | Translation Reserve | Accumulated losses | Tota |
| | Note | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000 |
| | | | | | • | • |
| Balance at 1 July 2022 | | 56,398 | 6,973 | 5 | (22,736) | 40,640 |
| Total comprehensive loss for the year | | | | | | |
| Loss for the year | | - | _ | - | (11,136) | (11,13 |
| Other comprehensive income/ (loss) | | - | - | 4 | - | |
| Total comprehensive loss | | _ | - | 4 | (11,136) | (11,132 |
| Transactions with aurous of the Commons | | | | | | |
| Transactions with owners of the Company Exercise of options | 15 | 20 | _ | _ | _ | 20 |
| Equity settled share-based payments | 15 | 17 | 1,011 | _ | _ | 1,02 |
| Total transactions with owners of the Company | | 37 | 1,011 | | _ | 1,04 |
| Balance at 30 June 2023 | | 56,435 | 7,984 | 9 | (33,872) | 30,55 |
| | | | | | | |
| | | | Share- | Foreign Currency | | |
| | | Share | based payments | Translation | Accumulated | |
| | | capital | reserve | Reserve | losses | Total |
| | Note | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| Balance at 1 July 2021 | | 18,106 | 1,379 | - | (5,581) | 13,90 |
| Total comprehensive loss for the year | | | | | | |
| Loss for the year | | _ | _ | | (17,155) | (17,155 |
| Other comprehensive income/ (loss) | | _ | _ | 5 | - | |
| Total comprehensive loss | | - | - | 5 | (17,155) | (17,150 |
| | | | | | | |
| Transactions with owners of the Company | | | | | | |
| Issue of share capital (net of share issue costs) | 15 | 38,282 | _ | - | _ | 38,28 |
| Exercise of options | 15 | 10 | - | - | - | 1 |
| Equity settled share-based payments Total transactions with owners of the Company | | 38,292 | 5,594 5,594 | | | 5,59 43,88 |
| Balance at 30 June 2022 | | 56,398 | 6,973 | | | 40,64 |
| Daiance at 30 June 2022 | | 30,376 | 0,973 | 5 | (22,736) | 40,04 |

The notes on pages 38 to 65 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2023

| | Note | 2023 (\$'000) | 2022 (\$'000) |
|---|------|------------------|------------------|
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (11,650) | (10,609) |
| Interest paid | 5 | (58) | (14) |
| Income tax paid | | (18) | _ |
| Government grants | | 66 | 136 |
| Research and development tax incentives | | 475 | 836 |
| Net cash used in operating activities | 7 | (11,185) | (9,651) |
| Cash flows from investing activities | | | |
| | | | |
| Interest received | | 447 | 45 |
| Proceeds from sale of property, plant and equipment | | 2 | 3 |
| Acquisition of property, plant and equipment | 10 | (294) | (1,879) |
| Acquisition of intangible assets | | (5,656) | (4,501) |
| Proceeds from (payments for) other financial assets | | 20,000 | (20,274) |
| Government grants | | 377 | 20 |
| Research and development tax incentives | | 1,397 | - |
| Net cash from / (used in) investing activities | | 16,273 | (26,586) |
| Cash flows from financing activities | | | |
| Proceeds from issue of equity securities | 15 | - | 40,000 |
| Costs of fund raising | 15 | - | (2,253) |
| Proceeds from exercise of options | 15 | 20 | 10 |
| Repayment of lease liabilities | 12 | (265) | (107) |
| Receipt of lease incentives | 12 | - | 885 |
| Net cash (used in) / from financing activities | | (245) | 38,535 |
| Net increase / (decrease) in cash and equivalents | | 4,843 | 2,298 |
| Cash and cash equivalents at 1 July | | 4,643 15,285 | 12,982 |
| Effect of exchange rate fluctuations on cash held | | 15,265 | 12,962 |
| Cash and cash equivalents at 30 June | 7 | 20,132 | 15,285 |
| Cash and Cash equivalents at 30 June | 1 | 20,132 | 15,265 |

The notes on pages 38 to 65 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2023

1 Reporting entity

Artrya Limited ("the Company") is a Company domiciled in Australia. The address of the Group's registered office is 1257 Hay Street, West Perth 6005.

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 consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

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 consolidated financial statements were approved by the Board of Directors on 31 August 2023.

b) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars unless otherwise stated.

c) Financial position

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. The Group has incurred a loss for the year ended 30 June 2023 of \$11.136 million (2022: \$17.155 million) and experienced net cash outflows from operating activities of \$11.185 million (2022: \$9.651 million). As at 30 June 2023 the Group had cash on hand of \$20.132 million (2022: \$15.285 million) and a net working capital surplus of \$22.114 million (2022: \$35.807 million).

The Directors have reviewed the forecast cash flows for the period 1 July 2023 to 31 December 2024, which indicate the Group will have sufficient cash flows until at least 31 December 2024 to settle their obligations as and when they fall due. The cash flow forecast includes cash inflows generated from the sale of the Salix Coranary Anatomy product from January 2024, and forecast costs associated with progressing approval of SCA with the United States Food and Drug Administration.

The Board and management closely monitor actual cash flow results against the cashflow forecast and have the ability to reduce expenditure levels in accordance with cash available.

Based on the matters described above, the Directors consider the going concern basis of preparation appropriate.

d) Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, 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.

For the year ended 30 June 2023

2 Basis of preparation (continued)

Estimates and judgments 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 judgments 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
- Note 11 Assessment of impairment for an in-development intangible asset

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.

For the year ended 30 June 2023

3 Significant accounting policies (continued)

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.

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.

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.

For the year ended 30 June 2023

3 Significant accounting policies (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 are 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 (diminishing value)
 Office equipment 10 years (diminishing value)
 Office fit-out 5 years (straight-line)

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) Intangible assets

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. Management judgement is involved in determining the appropriate internal costs and associated amounts to capitalise. Subsequent to initial recognition, once the development asset is ready for use it 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. The SCA intangible asset became available for use on 21 June 2023 and has an estimated useful life of 5 years.

For the year ended 30 June 2023

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 attached to them and that 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. All other government grants are recognised as other income.

Government grants received by the Group relate to the Research and Development Tax Incentive and the BioMedTech Horizons (BMTH) program grant for the year ended 30 June 2023. The Research and Development Tax Incentive requires submission of the Research and Development tax incentive schedule with the 30 June 2023 annual tax return. As a portion of the Research and Development Tax Incentive and BMTH program grant relate to the capitalised costs comprising the intangible asset, the relevant portion is deducted from the intangible asset to arrive at its carrying amount (see note 11).

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 are 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; or
- 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.

For the year ended 30 June 2023

3 Significant accounting policies (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 judgments about future events. New information may become available that causes the Group to change its judgment 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 (EPS) 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 performance rights and share options granted to employees.

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. The 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.

For the year ended 30 June 2023

3 Significant accounting policies (continued)

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 allocates the consideration in the contract to each of the lease components 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 lease 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:

- · 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.

For the year ended 30 June 2023

3 Significant accounting policies (continued)

Share-based payments

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

Equity-settled transactions are awards of shares, options over shares or performance rights over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using an appropriate option pricing model, such as the Binomial, Black-Scholes or Monte Carlo 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.

The cost of equity-settled transactions is 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

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.

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) Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

For the year ended 30 June 2023

3 Significant accounting policies (continued)

Group companies

The results and financial position of the foreign operations (domiciled in the USA and UK) have functional currencies different from the presentation currency and are translated into the presentation currency as follows:

- assets and liabilities of the balance sheet are translated at the closing rate at the date of that balance sheet;
- income and expenses for the statement of profit or loss and statement of comprehensive income are translated at an average exchange rate, and
- · all resulting exchange differences are recognised in other comprehensive income.

New and amended accounting policies adopted by the Group

Standards and Interpretations applicable to 30 June 2023

In the year ended 30 June 2023, 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.

p) New and amended accounting policies not yet mandatory or early adopted

The Directors have reviewed all of the new and revised AASB Standards and Interpretations issued but not yet mandatory and have determined that there is no material impact and, therefore, no material change is necessary to the Group accounting policies.

q) 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.

r) Impairment of tangible and intangible assets

At each reporting date, the Group assesses 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, as in the case when an intangible asset is not yet ready for use, 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 (CGU) exceeds its recoverable amount, the asset or cash generating unit is considered impaired and is written down to its recoverable amount with the difference being recognised immediately in the statement of profit or loss.

s) Fair value

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- · Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the year ended 30 June 2023

4 Other income

| | 996 | 197 |
|-------------------|------------------|------------------|
| Other income | 19 | _ |
| Government grants | 977 | 197 |
| | 2023 (\$'000) | 2022 (\$'000) |

5 Finance income and costs

| | 2023 (\$'000) | 2022 (\$'000) |
|------------------------|------------------|------------------|
| Finance income | | |
| Interest income | 404 | 73 |
| | 404 | 73 |
| Finance costs | | |
| Lease interest expense | 58 | 14 |
| Bank fees | _ | 7 |
| | 58 | 21 |

6 Income tax

| | 2023 (\$'000) | 2022 (\$'000) |
|---|------------------|------------------|
| A. Amounts recognised in profit or loss | | |
| Current tax | | |
| Current year | 18 | - |
| | 18 | - |
| Deferred tax | | |
| Origination and reversal of temporary differences | - | 535 |
| | - | 535 |
| Total income tax expense/(benefit) | 18 | 535 |
| B. Amounts recognised directly in equity | | |
| Origination and reversal of temporary differences | - | (535) |
| Total income tax expense/(benefit) recognised in equity | - | (535) |
| C. Reconciliation of tax | | |
| Loss before tax for the year | (11,118) | (16,620) |
| Income tax using the Company's domestic tax rate of 25% (2022: 25%) | (2,780) | (4,155) |
| Non-deductible expenses | 1,453 | 2,461 |
| Non-assessable income | (253) | (374) |
| Unrecognised DTA on assets and liabilities | 1,562 | 2,603 |
| Total income tax expense/(benefit) | (18) | 535 |

Unrecognised deferred tax assets and liabilities

Deferred tax assets (comprising temporary differences and unused tax losses) of \$4,938,456 (2022: \$3,376,077) have not been recognised because at the reporting date, the Group is unable to demonstrate the applicable recognition criteria.

For the year ended 30 June 2023

6 Income tax (continued)

| Movement in deferred tax balances | | | | Balance at 30 |) June 2023 |
|---|--------------------------------------|--|-----------------|------------------------------------|---|
| | Net balance at 1 July (\$'000) | Profit or loss or Equity Benefit/ (expense) (\$'000) | Net (\$'000) | Deferred tax assets (\$'000) | Deferred tax liabilities (\$'000) |
| Recognised in profit or loss | | | | | |
| Accrued income | (11) | 11 | - | _ | - |
| Prepayments | (82) | 24 | (58) | _ | (58) |
| Property, plant and equipment | (112) | 63 | (49) | _ | (49) |
| Intangible assets | (912) | (871) | (1,783) | _ | (1,783) |
| Trade creditors and accruals | 10 | 42 | 52 | 52 | _ |
| Section 40-880 expenditure | 146 | 32 | 178 | 178 | - |
| Right-of-use assets/lease liabilities | 212 | (37) | 175 | 175 | _ |
| Employee benefits | 93 | (44) | 49 | 49 | - |
| Tax losses | 3,496 | 2,557 | 6,053 | 6,053 | _ |
| Unrealised FX | 1 | (1) | - | _ | - |
| | 2,841 | 1,776 | 4,617 | 6,507 | (1,890) |
| Recognised in equity | | | | | |
| Section 40-880 expenditure | 535 | (214) | 321 | 321 | - |
| | 535 | (214) | 321 | 321 | _ |
| Tax assets/(liabilities) before set-off | 3,376 | 1,562 | 4,938 | 6,828 | (1,890) |
| Set-off of tax | - | - | - | (1,890) | 1,890 |
| | 3,376 | 1,562 | 4,938 | 4,938 | - |
| Tax assets not brought to account | (3,376) | (1,562) | (4,938) | (4,938) | - |
| Net deferred tax balance | _ | - | - | - | - |

For the year ended 30 June 2023

6 Income tax (continued)

| Movement in deferred tax balances | | | _ | Balance at 30 |) June 2022 |
|---|--------------------------|--|----------|---------------------|--------------|
| | Net balance at 1 July | Profit or loss or Equity Benefit/ (expense) | Net | Deferred tax assets | Deferred tax |
| | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| Recognised in profit or loss | | | | | |
| Accrued income | - | (11) | (11) | - | (11) |
| Prepayments | - | (82) | (82) | - | (82) |
| Property, plant and equipment | (24) | (88) | (112) | - | (112) |
| Intangible assets | (122) | (790) | (912) | - | (912) |
| Trade creditors and accruals | 57 | (47) | 10 | 10 | _ |
| Section 40-880 expenditure | 184 | (38) | 146 | 146 | - |
| Right-of-use assets/lease liabilities | - | 212 | 212 | 212 | _ |
| Employee benefits | 43 | 50 | 93 | 93 | _ |
| Tax losses | 635 | 2,861 | 3,496 | 3,496 | _ |
| Unrealised FX | - | 1 | 1 | 1 | - |
| | 773 | 2,068 | 2,841 | 3,958 | (1,117) |
| Recognised in equity | | | | | |
| Section 40-880 expenditure | - | 535 | 535 | 535 | - |
| | - | 535 | 535 | 535 | - |
| Tax assets/(liabilities) before set-off | 773 | 2,603 | 3,376 | 4,493 | (1,117) |
| Set-off of tax | - | - | - | (1,117) | 1,117 |
| | 773 | 2,603 | 3,376 | 3,376 | - |
| Tax assets not brought to account | (773) | (2,603) | (3,376) | (3,376) | - |
| Net deferred tax balance | - | _ | - | _ | _ |

For the year ended 30 June 2023

7 Cash and cash equivalents

| | 2023 (\$'000) | 2022 (\$'000) |
|--|------------------|------------------|
| Cash at bank | 20,132 | 15,285 |
| Cash and cash equivalents in the statement of cash flows | 20,132 | 15,285 |
| Reconciliation to statement of cash flows | | |
| Loss for the year | (11,136) | (17,155) |
| Adjustments for: | | |
| Tax expense | - | 535 |
| Depreciation and amortisation | 552 | 202 |
| Unrealised foreign exchange gain | (1) | 2 |
| Share-based payments | 949 | 5,608 |
| (Gain)/loss on sale of property, plant and equipment | 2 | (2) |
| Interest income | (404) | (73) |
| Government grants | (977) | (181) |
| Other income | (19) | - |
| Changes in: | | |
| Trade and other receivables | 430 | 690 |
| Trade and other payables | (408) | 524 |
| Provisions and employee entitlements | (173) | 199 |
| Net cash used in operating activities | (11,185) | (9,651) |

Trade and other receivables

| | 2023 (\$'000) | 2022 (\$'000) |
|--|------------------|------------------|
| Research and development tax incentive | 2,788 | 1,451 |
| GST receivable | 117 | 68 |
| Government grant receivable | 109 | 423 |
| Accounts receivable | 41 | - |
| Other receivables | 17 | 44 |
| | 3,072 | 1,986 |

Other investments

| | 2023 (\$'000) | 2022 (\$'000) |
|---------------------|------------------|------------------|
| Short-term deposits | 274 | 20,274 |
| | 274 | 20,274 |

At 30 June 2023, the Company held a \$274,000 term deposit (2022: \$20,274,000) with an interest rate of 3.7% per annum (2022: 0.40% per annum) of which \$148,724 is restricted cash (2022: \$274,000). The restricted cash relates to a rental bond (2022: rental bond and security held over a corporate card facility).

For the year ended 30 June 2023

10 Property, plant and equipment

| | Computer equipment (\$'000) | Office Equipment (\$'000) | Office Fit-out (\$'000) | Total (\$'000) |
|---------------------------|-----------------------------------|---------------------------------|-------------------------------|-------------------|
| Cost | | | | |
| Balance at 1 July 2021 | 93 | 12 | 4 | 109 |
| Additions | 130 | 262 | 1,487 | 1,879 |
| Disposals | - | (12) | - | (12) |
| Write-offs | (6) | _ | (4) | (10) |
| Balance at 30 June 2022 | 217 | 262 | 1,487 | 1,966 |
| Balance at 1 July 2022 | 217 | 262 | 1,487 | 1,966 |
| Additions | 29 | 90 | 175 | 294 |
| Disposals | (4) | _ | - | (4) |
| Write-offs | (3) | _ | - | (3) |
| Balance at 30 June 2023 | 239 | 352 | 1,662 | 2,253 |
| Accumulated Depreciation | | | | |
| Balance at 1 July 2021 | (9) | (1) | (1) | (11) |
| Depreciation for the year | (35) | (48) | (67) | (150) |
| Disposals | - | _ | - | - |
| Balance at 30 June 2022 | (44) | (49) | (68) | (161) |
| Balance at 1 July 2022 | (44) | (49) | (68) | (161) |
| Depreciation for the year | (48) | (29) | (322) | (399) |
| Disposals | 2 | - | - | 2 |
| Write-offs | 2 | - | - | 2 |
| Balance at 30 June 2023 | (88) | (78) | (390) | (556) |
| Carrying Amounts | | | | |
| Balance at 1 July 2021 | 84 | 11 | 3 | 98 |
| Balance at 30 June 2022 | 173 | 213 | 1,419 | 1,805 |
| Balance at 1 July 2022 | 173 | 213 | 1,419 | 1,805 |
| Balance at 30 June 2023 | 151 | 274 | 1,272 | 1,697 |

For the year ended 30 June 2023

Intangible assets

| | Development costs | Total |
|-------------------------------|-------------------|----------|
| | (\$'000) | (\$'000) |
| Cost | | |
| Balance at 1 July 2021 | 517 | 517 |
| Additions | 4,501 | 4,501 |
| Government grants (note 3(e)) | (1,343) | (1,343) |
| Balance at 30 June 2022 | 3,675 | 3,675 |
| Balance at 1 July 2022 | 3,675 | 3,675 |
| Additions | 5,893 | 5,893 |
| Government grants (note 3(e)) | (2,361) | (2,361) |
| Balance at 30 June 2023 | 7,207 | 7,207 |
| Accumulated Amortisation | | |
| Balance at 1 July 2021 | - | - |
| Depreciation for the year | - | - |
| Disposals | - | - |
| Balance at 30 June 2022 | - | - |
| Balance at 1 July 2022 | - | - |
| Amortisation for the year | (36) | (36) |
| Disposals | - | - |
| Balance at 30 June 2023 | (36) | (36) |
| Carrying Amounts | | |
| Balance at 1 July 2021 | 517 | 517 |
| Balance at 30 June 2022 | 3,675 | 3,675 |
| Balance at 1 July 2022 | 3,675 | 3,675 |
| Balance at 30 June 2023 | 7,171 | 7,171 |

The Company received Australian regulatory approval for its intangible asset in November 2019.

The Group has undertaken its annual impairment assessment at 30 June 2023. The recoverable amount of the cash generating unit (CGU) was estimated to be higher than its carrying amount and no impairment was required. The recoverable amount of the development costs is based on fair value less cost of disposal. The fair value less cost of disposal was estimated using a five-year discounted cash flow model. The fair value measurement for the impairment assessment has been categorised as Level 3 fair value based on the inputs to the valuation technique used. The cash flow model only includes cash flows for Australia and New Zealand and does not incorporate the potential sales from other regions on regulatory approval; it is assumed that product development and commercial sales will commence during the 2024 financial year.

For the year ended 30 June 2023

11 Intangible assets (continued)

The following assumptions were used in the calculations:

| | 2023 | 2022 |
|--|------|------|
| Long term growth rate ¹ | 3% | 3% |
| Post tax discount rate ² | 30% | 30% |
| Revenue growth rate - year 1 to 5 ³ | 15% | 15% |

- 1 The long term growth rate is based on Australian government forecast rates.
- 2 The discount rate has been based on commonly accepted guidance for the valuation of startup companies and an independently prepared market research report. To factor in the uncertainty arising from the absence of sales history, a risk premium has been factored into estimating the discount rate.
- 3 Revenue growth is based on historical and reported forecast demand for CT scans and receipt of revenue is estimated to commence at the start of the 2024 calendar year.

Sensitivity analysis has been undertaken on key assumptions of the model. Based on the range and depth of sensitivities applied, no reasonable change in assumptions would result in an impairment. The impact of the sensitivity analysis on impairment is summarised below.

| Sensitivity Scenario for Key Assumptions | Change % | Impairment (\$'000) |
|--|-----------------|------------------------|
| Long term growth rate (terminal value) | 0.5% decrease | nil |
| | from 3% to 2.5% | |
| Post tax discount rate | 5.0% increase | nil |
| | from 30% to 35% | |
| Revenue growth rate | 5.0% decrease | nil |
| | from 15% to 10% | |

A further \$1,614,852 of research expenditure was incurred during the year and recognised in various expense items of the statement of profit or loss (2022: \$518,602).

On 21 June 2023, the intangible asset became available for use. In accordance with the Company's accounting policy, addition of costs to the asset ceased and amortisation of the asset commenced. \$35,878 of amortisation was recognised for the year (2022: nil).

12 Leases

The Group leases its office premises. The lease of the office premises runs for 5 years, with an option to renew and extend for a further 3 years after that date. The Group assessed at the lease commencement date that it is reasonably uncertain the option to extend will be exercised. Lease payments increase annually at the higher of CPI or 3%. The annual rent review has resulted in a remeasurement of the lease liability this year.

| Right of Use Asset – Building (office premises) | 2023 (\$'000) | 2022 (\$'000) |
|---|------------------|------------------|
| Balance at 1 July | 519 | 46 |
| Additions to right-of-use asset | - | 1,431 |
| Remeasurement | 109 | _ |
| Lease incentives received | - | (885) |
| Amortisation | (117) | (52) |
| Disposal of right-of-use asset | _ | (21) |
| Balance at 30 June | 511 | 519 |

For the year ended 30 June 2023

12 Leases (continued)

| Amounts recognised in profit or loss | 2023 (\$'000) | 2022 (\$'000) |
|--|------------------|------------------|
| Interest on lease liabilities | 58 | 14 |
| Amortisation of right-of-use assets | 117 | 52 |
| Expenses relating to short-term & low-value leases | _ | _ |
| Total amount recognised | 175 | 66 |
| | | |
| Amounts recognised in statement of cash flows | 2023 (\$'000) | 2022 (\$'000) |
| Repayment of lease liabilities | (265) | (107) |
| Lease incentives received | - | 885 |
| Total (paid)/ received | (265) | 778 |
| Lease liability | 2023 (\$'000) | 2022 (\$'000) |
| Current | 275 | 220 |
| Non-current Service Se | 937 | 1,148 |
| Balance at 30 June | 1,212 | 1,368 |
| Lease liability | 2023 (\$'000) | 2022 (\$'000) |
| Balance at 1 July | 1,368 | 47 |
| Lease repayments | (323) | (107) |
| Interest | 58 | 14 |
| Remeasurement of lease liability | 109 | (17) |
| New lease | - | 1,431 |
| Balance at 30 June | 1,212 | 1,368 |

13 Trade and other payables

| | 2023 (\$'000) | 2022 (\$'000) |
|------------------------------|------------------|------------------|
| Trade payables | 244 | 449 |
| PAYG withholding tax payable | 151 | 432 |
| Other payables | 729 | 611 |
| | 1,124 | 1,492 |

For the year ended 30 June 2023

14 Employee benefits

| | (\$ | 2023 | 2022 (\$'000) |
|------------------------------|-----|-------|------------------|
| Employee benefits expense | | | |
| Wages & salaries | | 4,929 | 2,972 |
| Superannuation | | 413 | 220 |
| Payroll tax | | 249 | 150 |
| Other expenses | | 155 | 35 |
| | | 5,746 | 3,377 |
| Current liability | | | |
| Annual leave liability | | 196 | 351 |
| | | 196 | 351 |
| Non-current liability | | | |
| Long-service leave liability | | - | 18 |
| | | - | 18 |
| | | | |

15 Share capital

| | Ordinary shares | | Number of shares | |
|-------------------------------------|------------------|------------------|------------------|-------------|
| | 2023 (\$'000) | 2022 (\$'000) | 2023 No. | 2022 No. |
| On issue at start of the year | 56,398 | 18,106 | 78,247,590 | 48,482,960 |
| Issued | - | 40,000 | - | 29,629,630 |
| Exercise of options | 20 | 10 | 270,000 | 135,000 |
| Equity settled share-based payments | 17 | - | 21,403 | - |
| Share issue costs | - | (1,718) | - | - |
| On issue at 30 June | 56,435 | 56,398 | 78,538,993 | 78,247,590 |

a) 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.

b) Issue of ordinary shares

21,403 ordinary shares were issued this year to employees under the Incentive Awards Plan 2021. In the previous year, on 26 November 2021, Artrya was admitted to the official list of the Australian Securities Exchange (ASX) following the successful completion of a \$40 million initial public offering ("IPO"). The IPO included the issue of approximately 29.8 million fully paid ordinary shares at the issue price of \$1.35 per share. The Company received approximately \$37.8 million in net proceeds from the IPO after the payment of related fees and expenses of approximately \$1.7 million net of tax.

c) Capital risk management

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

For the year ended 30 June 2023

15 Share capital (continued)

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

The Group does not have any externally imposed capital requirements.

The Group monitors capital on the basis of its working capital position (i.e. liquidity risk). The Group's net working capital at 30 June 2023 was \$22,113,322 (30 June 2022: \$35,807,236).

16 Reserves

| | 2023 (\$'000) | 2022 (\$'000) |
|--------------------------------------|------------------|------------------|
| Share-based payments reserve | 7,984 | 6,973 |
| Foreign currency translation reserve | 9 | 5 |
| | 7,993 | 6,978 |

Share-based payments reserve

The reserve is used to recognise the value of equity benefits of options and performance rights provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Foreign currency translation reserve

The foreign currency translation reserve contains the accumulated foreign exchange differences from the translation of the financial statements of the Group's foreign, arising when the Group's entities are consolidated.

| Share-based payments reserve | 2023 (\$'000) | 2022 (\$'000) |
|---|------------------|------------------|
| Balance at 1 July | 6,973 | 1379 |
| Share-based payments expense | 1,011 | 5,594 |
| Balance at 30 June | 7,984 | 6,973 |
| | | |
| Foreign currency translation reserve | 2023 (\$'000) | 2022 (\$'000) |
| Balance at 1 July | 5 | - |
| Foreign exchange difference from the translation of Artrya USA Inc. | 4 | 5 |
| Balance at 30 June | 9 | 5 |

For the year ended 30 June 2023

Auditor remuneration

| | 2023 (\$) | 2022 (\$) |
|--|--------------|--------------|
| Audit and review of financial statements | 114,419 | 69,000 |
| Services other than audit and review of financial statements | | |
| Other assurance services – grant acquittal audit | 12,000 | 12,000 |
| Other assurance services – other services | - | 50,000 |
| Taxation compliance services | 33,339 | 33,658 |
| Accounting advice* | - | 30,843 |
| Research and Development tax incentive | 63,702 | 50,613 |
| Tax advice | 4,865 | 60,382 |
| KPMG Australia | 228,325 | 306,496 |

^{*} Prior to its listing on the ASX on November 2021, the Group received accounting support from KPMG. The arrangement ceased in September 2021.

18 Financial instruments – fair value and risk management

Accounting classifications and fair value

The following table shows the carrying amounts of financial assets and financial liabilities. For each of these assets, the carrying amount is a reasonable approximation of fair value.

| | Note | 2023 (\$'000) | 2022 (\$'000) |
|--|------|------------------|------------------|
| Financial assets not measured at fair value | | | |
| Cash and cash equivalents | 7 | 20,132 | 15,285 |
| Trade and other receivables | 8 | 3,072 | 1,986 |
| Other investments | 9 | 274 | 20,274 |
| | | 23,478 | 37,545 |
| Financial liabilities not measured at fair value | | | |
| Trade and other payables | 13 | 1,124 | 1,492 |
| Lease liabilities | 12 | 1,212 | 1,368 |
| | | 2,336 | 2,860 |

Financial 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

For the year ended 30 June 2023

18 Financial instruments – fair value and risk management (continued)

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 term deposit investments with financial institutions.

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

Cash and cash equivalents

The Group has cash and cash equivalents of \$20,132,489 at 30 June 2023 (2022: \$15,284,566) that are held with banks that are rated AA-based on S&P Global rating.

Trade and other receivables

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 and 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 no recovery of receivables is considered to be negligible.

Other investments

The Group has term deposit investments of \$274,000 (2022: \$20,274,000) in banks that are rated AA-based on S&P Global rating.

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.

| | | Con | tractual cash flow | s | |
|--------------------------------------|----------|----------|--------------------|-------------|-----------|
| | Carrying | | 2 months or | | |
| 30-Jun-23 | Amount | Total | less | 2-12 Months | 1-5 years |
| | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| Non-derivative financial liabilities | | | | | |
| Trade and other payables | 1,124 | 1,124 | 1,124 | - | - |
| Lease liabilities | 1,212 | 1,362 | 56 | 285 | 1,021 |
| | 2,336 | 2,486 | 1,180 | 285 | 1,021 |
| | | Con | tractual cash flow | s | |
| | Carrying | | 2 months or | | |
| 30-Jun-22 | Amount | Total | less | 2-12 Months | 1-5 years |
| | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| Non-derivative financial liabilities | | | | | |
| Trade and other payables | 1,492 | 1,492 | 1,492 | - | _ |
| Lease liabilities | 1,368 | 1,578 | 52 | 262 | 1,264 |
| | 2,860 | 3,070 | 1,544 | 262 | 1,264 |

For the year ended 30 June 2023

18 Financial instruments – fair value and risk management (continued)

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 equity price risk in 2023 (2022: nil).

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-Jun-23 USD (\$'000) | 30-Jun-22 USD (\$'000) |
|--|------------------------------|------------------------------|
| Cash and cash equivalents | 173 | 312 |
| Trade Payables | (146) | (206) |
| Net statement of financial position exposure | 27 | 106 |

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 l | Profit or loss | | | |
|--------------------|---------------|----------------|---------------|-----------|--|
| Effect in AUD | Strengthening | Weakening | Strengthening | Weakening | |
| 30 June 2023 | \$'000 | \$'000 | \$'000 | \$'000 | |
| USD (10% movement) | (3) | 3 | (3) | 3 | |
| 30 June 2022 | \$'000 | \$'000 | \$'000 | \$'000 | |
| USD (10% movement) | 11 | (11) | 11 | (11) | |

Interest rate risk

At 30 June 2023, 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 Group holds fixed rate term deposit investments.

The Company was exposed to variable interest rate risks on cash deposits. A reasonably possible change of 50 basis points (2022: 50 basis points) in interest rates at the reporting date would have increased or decreased the loss before tax by \$99,369 (2022: \$75,198).

For the year ended 30 June 2023

Related party

Transactions with key management personnel

Key management personnel compensation

Key management personnel compensation comprised the following.

| | 2023 (\$'000) | 2022 (\$'000) |
|-----------------------------------|------------------|------------------|
| Short-term employee benefits | 1,171 | 1,097 |
| Post employment employee benefits | 55 | 57 |
| Long-term employee benefits | (15) | 11 |
| Share-based payment expense | 101 | 1,529 |
| Termination benefits expense | 503 | |
| | 1,815 | 2,694 |

Transactions with related parties

Included in short-term employee benefits with key management personnel is an amount of \$2,007 in respect of approved spouse travel to attend a corporate function.

There were no other transactions with related parties during the year (2022: \$nil).

Share-based payments

The Group has a formal incentive award plan for the issue of options, performance rights and/or shares to employees, Directors and consultants. Options, performance rights and shares are granted free of charge and are exercisable at a fixed price in accordance with the terms of the grant. Options and performance rights over unissued shares are issued under the terms of the Plan at the entire discretion of the Board.

Options

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

| | 20 | 23 | 2022 | |
|------------------------------|--|-------------------|--|-------------------|
| | Weighted average exercise price (WAEP) (\$) | Number of options | Weighted average exercise price (WAEP) (\$) | Number of options |
| Outstanding at 1 July | 1.251 | 21,976,752 | 0.074 | 9,786,752 |
| Granted during the period | 1.500 | 2,500,000 | 2.172 | 12,325,000 |
| Exercised during the period* | 0.940 | (270,000) | 0.075 | (135,000) |
| Forfeited during the period | 0.940 | (2,940,000) | - | - |
| Outstanding at 30 June | 1.338 | 21,266,752 | 1.251 | 21,976,752 |
| Exercisable at 30 June | | 15,211,752 | | 11,816,752 |

The weighted average share price at the date of exercise was \$0.410.

For the year ended 30 June 2023

Share-based payments (continued)

Options granted during the year

The following factors and assumptions were used to determine the fair value of unlisted options granted during the year.

| Grant Date | Option Life | Pricing Model | Fair value per option | Exercise price | Price of shares on grant date | Expected volatility (iii) | Risk free interest rate | Dividend yield |
|---------------------------|-------------|------------------|-----------------------------|----------------|-------------------------------------|---------------------------|-------------------------------|-------------------|
| 500,000 (i) 1 Jul 2022 | 5 years | Black Scholes | \$0.3033 | \$1.500 | \$0.700 | 70% | 3.24% | Nil% |
| 2,000,000 (i) 14 Sep 2022 | 4.43 years | Black Scholes | \$0.2645 | \$1.500 | \$0.600 | 80% | 3.38% | Nil% |
| 325,000 (ii) 19 Sep 2022 | 5 years | Black Scholes | \$0.3103 | \$1.350 | \$0.610 | 80% | 3.48% | Nil% |
| 325,000 (ii) 19 Sep 2022 | 5 years | Black Scholes | \$0.2144 | \$3.000 | \$0.610 | 80% | 3.48% | Nil% |
| 325,000 (ii) 19 Sep 2022 | 5 years | Black Scholes | \$0.1587 | \$5.000 | \$0.610 | 80% | 3.48% | Nil% |

⁽i) Options were granted to consultants in respect of clinical consulting services. The options are not subject to any vesting conditions and have been

⁽ii) Options were granted to an employee. The options vested after 6 months of continued employment service, from the option issue date. The terms were partially accepted during the 2022 financial year and fully accepted on 19 September 2022. The estimate in the 2022 annual report has been revised in this report, based on a grant date of 19 September 2022.

⁽iii) Expected volatility was based on the historical volatility of comparable companies and estimates by option valuation experts.

For the year ended 30 June 2023

20 Share-based payments (continued)

(c) Options on issue at the balance date

The number of options outstanding over unissued ordinary shares at 30 June 2023 is 21,266,752 (2022: 21,976,752). The terms of these options are as follows:

| | | Exercise Price | |
|--|---------------|-----------------------|-------------|
| Number of Unlisted Options Outstanding | Number Vested | (cents) | Expiry Date |
| 6,000,000 (i) | _ | \$0.001 | 25 Mar 2024 |
| 165,000 (ii) | 55,000 | \$0.075 | 27 Nov 2025 |
| 1,226,752 | 1,226,752 | \$0.075 | 31 Dec 2025 |
| 1,300,000 | 1,300,000 | \$0.056 | 23 Sep 2025 |
| 500,000 | 500,000 | \$1.000 | 23 Apr 2026 |
| 2,750,000 (iii) | 2,750,000 | \$1.000 | 9 Jul 2026 |
| 1,300,000 | 1,300,000 | \$1.350 | 13 Jan 2027 |
| 1,300,000 | 1,300,000 | \$3.500 | 13 Jan 2027 |
| 1,300,000 | 1,300,000 | \$5.000 | 13 Jan 2027 |
| 650,000 | 650,000 | \$1.350 | 28 Mar 2027 |
| 650,000 | 650,000 | \$3.500 | 28 Mar 2027 |
| 650,000 | 650,000 | \$5.000 | 28 Mar 2027 |
| 325,000 | 325,000 | \$1.350 | 20 Jun 2027 |
| 325,000 | 325,000 | \$3.500 | 20 Jun 2027 |
| 325,000 | 325,000 | \$5.000 | 20 Jun 2027 |
| 500,000 | 500,000 | \$1.500 | 1 Jul 2027 |
| 2,000,000 | 2,000,000 | \$1.500 | 16 Feb 2027 |

The vesting conditions of options granted in a previous year which have not yet been met are as follows. Options previously granted to Directors were modified during the year; details of the modifications are also disclosed below.

- (i) 4,000,000 options vest following the Company generating the first sales revenue of any amount from a contracted customer for use of the Software as a Service (SaaS) Salix Coronary Anatomy (SCA) product, as evidenced by the existence of a fully executed Customer Agreement and as recorded in audited financial statements of the Company, with such revenue being directly attributable to sales of the SCA product to customers before expiry date of 25 March 2024.
 - 2,000,000 options vest following the Company generating the first sales revenue of any amount from a contracted customer for use of the Software as a Service (SaaS) Salix Coronary Anatomy (SCA) product, as evidenced by the existence of a fully executed Customer Agreement and as recorded in audited financial statements of the Company, with such revenue being directly attributable to sales of the SCA product to customers outside of Australia before expiry date of 25 March 2024.
 - The Directors, holding an equal share of these options, resigned on 22 February 2023 and 27 March 2023. It was agreed by the Board that the Directors would retain these rights following their resignations. There was no change to the fair value due to this modification.
- (ii) 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) 2,000,000 of these options (1,000,000 each) were held by Directors who resigned on 22 February 2023 and 27 March 2023. It was agreed by the Board that the Directors would retain these rights following their resignations. There was no change to the fair value due to this modification.

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2023 is 3.30 years (2022: 3.49 years).

For the year ended 30 June 2023

20 Share-based payments (continued)

Performance Rights

(a) Performance rights granted during the year

The following factors and assumptions were used to determine the fair value of unlisted performance rights granted during the year.

| Grant Date | Performance Right life | Pricing Model | Fair value per right | Share price barrier | Price of shares on grant date | Expected volatility (vi) | Risk free interest rate | Dividend yield |
|-----------------------------|---------------------------|------------------|----------------------------|---------------------|-------------------------------------|--------------------------|-------------------------------|-------------------|
| 77,161 (i) 1 Jul 2022 | 5 years | Monte Carlo | \$0.156 | \$2.556 | \$0.700 | 70% | 2.59% | 0% |
| 77,160 (ii) 1 Jul 2022 | 5 years | Monte Carlo | \$0.138 | \$4.473 | \$0.700 | 70% | 3.00% | 0% |
| 77,161 (i) 5 Jul 2022 | 5 years | Monte Carlo | \$0.140 | \$2.556 | \$0.670 | 70% | 2.58% | 0% |
| 77,160 (ii) 5 Jul 2022 | 5 years | Monte Carlo | \$0.125 | \$4.473 | \$0.670 | 70% | 2.98% | 0% |
| 219,908 (i) 14 Nov 2022 | 2.63 years | Monte Carlo | \$0.162 | \$2.551 | \$0.69 | 80% | 3.17% | 0% |
| 219,907 (ii) 14 Nov 2022 | 2.63 years | Monte Carlo | \$0.162 | \$4.464 | \$0.69 | 80% | 3.26% | 0% |
| 1,000,000 (iii) 25 Mar 2023 | 5 years | Monte Carlo | \$0.212 | \$0.750 | \$0.24 | 100% | 2.95% | 0% |
| 1,000,000 (iv) 25 Mar 2023 | 5 years | Monte Carlo | \$0.190 | \$1.350 | \$0.24 | 100% | 2.95% | 0% |
| 1,000,000 (v) 25 Mar 2023 | 5 years | Monte Carlo | \$0.163 | \$2.500 | \$0.24 | 100% | 2.95% | 0% |

⁽i) 374,230 rights vest when the Company achieves a market capitalisation of \$200 million by 30 June 2024. For 219,908 rights, the Director was required to remain in service until 30 June 2025; it was agreed by the Board that the Director would retain these rights following their resignation on 27 March 2023. There was no change to the fair value due to this modification. The share price on this date was \$0.28.

⁽ii) 374,227 rights vest when the Company achieves a market capitalisation of \$350 million by 30 June 2025. For 219,907 rights, the Director was required to remain in service until 30 June 2025; it was agreed by the Board that the Director would retain these rights following their resignation on 27 March 2023. There was no change to the fair value due to this modification. The share price on this date was \$0.28.

⁽iii) The rights vest on the Company's share price of \$0.75 being maintained for five consecutive trading days based on the ASX closing share price for the Company's shares and remaining employed by the Company.

⁽iv) The rights vest on the Company's share price of \$1.35 being maintained for five consecutive trading days based on the ASX closing share price for the Company's shares and remaining employed by the Company.

⁽v) The rights vest on the Company's share price of \$2.50 being maintained for five consecutive trading days based on the ASX closing share price for the Company's shares and remaining employed by the Company.

⁽vi) Expected volatility was based on the historical volatility of comparable companies and estimates by option valuation experts.

For the year ended 30 June 2023

20 Share-based payments (continued)

(b) Performance rights on issue at the balance date

| Number of Performance Rights Outstanding | Number Vested | Expiry Date |
|--|---------------|--------------------|
| 792,317 (i) | - | 30 Jun 2027 |
| 792,314 (ii) | - | 30 Jun 2027 |
| 1,000,000 (iii) | - | 28 Mar 2028 |
| 1,000,000 (iv) | - | 28 Mar 2028 |
| 1,000,000 (v) | - | 28 Mar 2028 |

- (i) 792,317 rights vest when the Company achieves a market capitalisation of \$200 million by 30 June 2024.
- (ii) 792,314 rights vest when the Company achieves a market capitalisation of \$350 million by 30 June 2025.
- (iii) The rights vest on the Company's share price of \$0.75 being maintained for five consecutive trading days based on the ASX closing share price for the Company's shares and remaining employed by the Company.
- (iv) The rights vest on the Company's share price of \$1.35 being maintained for five consecutive trading days based on the ASX closing share price for the Company's shares and remaining employed by the Company.
- (v) The rights vest on the Company's share price of \$2.50 being maintained for five consecutive trading days based on the ASX closing share price for the Company's shares and remaining employed by the Company.
- (vi) Expected volatility was based on the historical volatility of comparable companies and estimates by option valuation experts.

Shares

(a) Shares granted during the year

4,113 shares with a value of \$3,000 were granted to employees in October 2022 (2022: 17,290 shares, value of \$14,000). The shares have an escrow period of 3 years (2022: 3 years).

21 Earnings per share

| | 2023 | 2022 |
|---|------------|------------|
| | (cents) | (cents) |
| Basic and diluted earnings per share | | |
| Loss attributable to ordinary equity holders of the company | (14.21) | (25.92) |
| | (\$'000) | (\$'000) |
| Loss after tax from continuing operations | (11,136) | (17,155) |
| | No. | No. |
| Weighted average number of shares | 78,381,166 | 66,176,878 |

As at 30 June 2023, 24,016,752 options and 4,584,631 performance rights were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive. Accordingly, diluted earnings per share are the same as the basic earnings per share. The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options and performance rights was based on quoted market prices for the year during which the options and performance rights were outstanding.

22 Controlled entities

| | | Ownership | o interest |
|--|-----------|-----------|------------|
| Subsidiaries: | | 2023 | 2022 |
| | | % | % |
| Artrya Global Pty Ltd (formerly known as Artra Medical IP Pty Ltd) | Australia | 100 | 100 |
| Artrya USA Inc. (incorporated 22 March 2022) | USA | 100 | 100 |
| Artrya UK Limited (incorporated 16 September 2022) | UK | 100 | _ |

For the year ended 30 June 2023

23 Parent Entity Disclosure

| | Note | 30-Jun-23 | 30-Jun-22 |
|---------------------------------------|------|-----------|-----------|
| | | (\$'000) | (\$'000) |
| Current assets | | 23,450 | 37,579 |
| Non-current assets | | 9,664 | 6,286 |
| Total assets | | 33,114 | 43,865 |
| Current liabilities | | 1,588 | 2,064 |
| Non-current liabilities | | 937 | 1,166 |
| Total liabilities | | 2,525 | 3,230 |
| Equity | | | |
| Share capital | 15 | 56,435 | 56,398 |
| Share-based payments reserve | | 7,984 | 6,973 |
| Accumulated losses | | (33,830) | (22,736) |
| | | 30,589 | 40,635 |
| Loss for the year | | (11,094) | (17,155) |
| Oher comprehensive income | | - | _ |
| Total comprehensive loss for the year | | (11,094) | (17,155) |

The contingencies and commitments of the Parent are that of the Group, which are disclosed at Note 25 and 26.

Operating segment

The Group manages its operations as a single business operation and there are no parts of the Group that qualify as operating segments under AASB 8 Operating Segments. The Board of Directors (Chief Operating Decision Maker or "CODM") assess the financial performance of the Group on an integrated basis only and accordingly, the Group is managed on the basis of a single segment, being the development of Al-driven CCTA image analysis technology. Information presented to the CODM on a monthly basis is categorised by type of expenditure.

25 Contingencies

In the opinion of management, the Group did not have any contingencies at 30 June 2023 (2022: none).

26 Commitments

In the opinion of management, the Group did not have any commitments at 30 June 2023 (2022: none).

Subsequent events

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.

Directors' declaration

For the year ended 30 June 2023

- (1) In the opinion of the Directors of Artrya Limited and its subsidiary, (the "Group"):
 - (a) the consolidated financial statements and notes that are set out on pages 34 to 65 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 2023 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 2023.
- (3) The Directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

Bernie Ridgeway

Non-Executive Chair

Ridgemon

Dated at Perth this 31st August 2023

Auditor's independence declaration

For the year ended 30 June 2023



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 2023 there have been:

- 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.

kpM6

John Ward

Jonn vvara

Partner

Perth

31 August 2023

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Independent auditor's report

For the year ended 30 June 2023



Independent Auditor's Report

To the shareholders of Artrya Limited

Report on the audit of the Financial Report

Opinion

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

In our opinion, the accompanying 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 2023 and of its financial performance for the year ended on that date; and
- Complying with Australian Accounting Standards and the Corporations Regulations 2001.

The *Financial Report* comprises

- Consolidated statement of financial position as at 30 June 2023;
- 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; and
- 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 Financial Report* section of our report.

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

Key Audit Matters

The *Key Audit Matters* we identified are:

· Carrying value of intangible asset.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent auditor's report (continued)

For the year ended 30 June 2023



Carrying value of intangible asset (AUD 7.17 million)

Refer to Note 11 to the Financial Report

The key audit matter

The Group has \$7.17 million of intangible

The accounting standards require the intangible asset to be assessed by the Group for impairment. The impairment assessment has been undertaken by the Group using a Fair Value Less Cost of Disposal (FVLCD) model

The assessment of impairment was a key audit matter because it involved significant judgement in evaluating the assumptions used by the Group in their FVLCD model.

The key judgements we focused on included:

- Forecast cash flows, including revenue growth rates, for FY 2024 to FY 2028. The intangible asset was still under development until June 2024 which increases the risk of inaccurate forecasts.
- Terminal growth rate used in the FVLCD model, as the Group's model is sensitive to changes in this assumption. We involved our valuation specialists to assist in the assessment of the terminal growth
- The discount rate used in the FVLCD model which is complicated in nature. We involved our valuation specialists to assist in the assessment of the discount rate.

The Group uses a manually developed model for the impairment assessment, including cost allocation, which tend to be prone to greater risk of error and inconsistent application. This necessitated additional scrutiny by us.

We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.

How the matter was addressed in our audit

Our procedures included:

- Working with our valuation specialists, we evaluated the appropriateness of the fair value less costs of disposal method applied by the Group to perform the impairment assessment against the requirements of the accounting standards.
- Challenging the forecasts, assumptions, and the objectivity on which the assumptions are based by:
 - assessing the revenue forecast and growth in the FVLCD model using publicly available information for comparable services, inquiring with the Group to understand the growth drivers, sourcing key reports of demand for companion medical services for comparison to the Group's revenue expectations, assessing information regarding pricing opportunities gained by the Group from testing environments, and using our knowledge of the Group's business:
 - comparing the forecast cash flows contained in the FVLCD model to Board approved FVLCD model, assumptions and forecasts for FY 2024;
 - assessing the completeness of the costs included therein against our understanding of the requirements of the FVLCD method and the accounting standards; and
 - assessing a sample of forecast salary costs, as the main component of forecast capital expenditure, to underlying sources such as employee contracts.
- Assessing the Group's methodology and documentation for the allocation of corporate costs to the forecast cash flows contained in the FVLCD model, for consistency with our understanding of the business and the criteria in the accounting standards.
- Assessing the Group's allocation of corporate assets for reasonableness and consistency based on the requirements of the accounting standards.
- Working with our valuation specialists, we analysed the Group's discount rate and terminal growth rate against publicly available data.

Independent auditor's report (continued)

For the year ended 30 June 2023



- Considering the sensitivity of the FVLCD model by varying key assumptions, such as revenue growth rates, terminal growth rates and discount rates, within a reasonably possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.
- We compared the Company's market capitalisation to the Group's fair value calculation used in the FVLCD model.
- Assessing the disclosures in the financial report using our understanding of the issue obtained from our testing and against the requirements of the accounting standards.

Other Information

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

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report and Corporate Directory. The Letter from the Chair, Letter from the Chief Executive Officer, Board of Directors listing, Clinical and Scientific Leadership listing, and Other Shareholder Information are expected to be made available to us after the date of the Auditor's Report.

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

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 the Directors for the Financial Report

The Directors are responsible for:

- Preparing the 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 Financial Report that gives
 a true and fair view and is free from material misstatement, whether due to fraud or error; and
- 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.

Independent auditor's report (continued)

For the year ended 30 June 2023



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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1 2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Artrya Limited for the year ended 30 June 2023, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section* 300A of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in Section 11 of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

EPMG Krivig

John Ward

Partner

Perth

31 August 2023

Other shareholder information

For the year ended 30 June 2023

The shareholder information set out below was applicable as at 14 September 2023.

Distribution of equitable securities

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

| Range | Total holders | Shares | % Issued Capital |
|------------------|---------------|------------|------------------|
| 1 - 1,000 | 263 | 155,895 | 0.20 |
| 1,001 - 5,000 | 417 | 1,118,340 | 1.42 |
| 5,001 - 10,000 | 153 | 1,204,517 | 1.53 |
| 10,001 - 100,000 | 330 | 11,714,881 | 14.90 |
| 100,001 Over | 114 | 64,455,360 | 81.95 |
| Total | 1,277 | 78,648,993 | 100.00 |

| Unmarketable Parcels | Minimum Parcel Size | Holders | Shares |
|--|---------------------|---------|---------|
| Minimum \$ 500.00 parcel at \$ 0.2600 per unit | 1,924 | 410 | 376,488 |

Other shareholder information (continued)

For the year ended 30 June 2023

Equity security holders

Twenty largest quoted equity security holders

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

| Rank | Name | Number of ordinary shares fully paid held | % Units |
|-----------|--|---|---------|
| 1 | JOHN BARRINGTON <bht a="" c="" family=""></bht> | 7,117,945 | 9.05 |
| 2 | MS ERIKA HENRIETTE KONSTANTOPOULOS <iemk a="" c="" family=""></iemk> | 7,000,000 | 8.90 |
| 3 | SANDHURST TRUSTEES LTD <endeavor a="" asset="" c="" mda="" mgmt=""></endeavor> | 2,516,622 | 3.20 |
| 4 | RUBI HOLDINGS PTY LTD <john a="" c="" f="" rubino="" s=""></john> | 2,423,485 | 3.08 |
| 5 | RICHCAB PTY LTD <dale a="" c="" fund="" mckenzie="" super=""></dale> | 1,835,228 | 2.33 |
| 6 | KEEBLE NOMINEES PTY LTD <ridgeway a="" c="" fund="" super=""></ridgeway> | 1,669,192 | 2.12 |
| 7 | GAZITON PTY LTD <the a="" c="" fund="" miller="" super=""></the> | 1,400,000 | 1.78 |
| 8 | MUTUAL TRUST PTY LTD | 1,271,064 | 1.62 |
| 9 | MS PAULA MARIA ROGERS | 1,250,000 | 1.59 |
| 10 | RICHCAB PTY LIMITED | 1,143,358 | 1.45 |
| 11 | IAN SANDOVER & ASSOCIATES PTY LTD <sandover a="" c="" super=""></sandover> | 1,105,000 | 1.40 |
| 12 | STANLEY ROGER PTY LTD | 1,074,074 | 1.37 |
| 13 | AVY NOMINEES PTY LTD <the a="" assets="" business="" c="" family="" john=""></the> | 1,000,000 | 1.27 |
| 14 | MR BENJAMIN RICHARD LISLE + MS GINA SARASA LISLE <ben a="" c="" fund="" lisle="" super=""></ben> | 931,819 | 1.18 |
| 15 | KOREL CORP PTY LTD <the a="" c="" fund="" honeypot="" super=""></the> | 909,092 | 1.16 |
| 16 | ABALAY SUPER PTY LTD <yalaba a="" c="" f="" s=""></yalaba> | 889,732 | 1.13 |
| 17 | YALABA PTY LTD <adriano a="" c="" fini="" g=""></adriano> | 863,636 | 1.10 |
| 18 | THE ELSIE CAMERON FOUNDATION PTY LTD <the a="" c="" cameron="" elsie="" found=""></the> | 840,909 | 1.07 |
| 19 | MR PAUL ERNEST NEILSEN + MRS JULIE LOUISE NEILSEN <neilsen a="" c="" fund="" super=""></neilsen> | 784,092 | 1.00 |
| 20 | MONTROSE INVESTMENTS (WA) PTY LTD <fraunschiel a="" c="" family=""></fraunschiel> | 750,000 | 0.95 |
| 20 | MR ADAM JAMES RIDGEWAY | 750,000 | 0.95 |
| Totals: 7 | Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total) 37,525,248 | | |
| Total Re | emaining Holders Balance | 41,123,745 | 52.29 |

Other shareholder information (continued)

For the year ended 30 June 2023

Substantial holders

Details of substantial shareholders disclosed in substantial holder notices given to the Company are as follows:

| Name | Number of ordinary shares fully paid held | % Ordinary share capital |
|---|---|--------------------------|
| ARTRYA LTD* | 15,610,470 | 19.9 |
| JOHN BARRINGTON | 7,562,095 | 9.62 |
| JOHN KONSTANTOPOULOS | 7,000,000 | 8.95 |
| RICHCAB PTY LTD atf DALE-MCKENZIE SUPERFUND | 4,028,115 | 5.14 |

^{*} The Company holds a relevant interest in 15,610,470 fully paid ordinary shares in itself (Shares). This technical relevant interest arises under section 608(1)(c) of the Corporations Act 2001 (Cth) because the Company is taken to be able to control the disposal of 15,610,470 of the Shares owned by shareholders who have entered into voluntary and ASX escrow deeds with the Company and those shareholders that have received Appendix 9C restriction notices from the Company.

Unquoted equity securities

| Туре | Expiry | Exercise Price | Number on issue | Number of holders |
|--------------------|------------|-----------------------|-----------------|-------------------|
| Performance rights | 1/7/2027 | n/a | 1,144,816 | 11 |
| Performance rights | 30/6/2025 | n/a | 439,815 | 1 |
| Performance rights | 28/3/2028 | n/a | 3,000,000 | 1 |
| Unlisted options | 1/7/2027 | \$1.50 | 500,000 | 1 |
| Unlisted options | 9/7/2026 | \$1.00 | 5,500,000 | 3 |
| Unlisted options | 13/1/2027 | \$1.35 | 1,300,000 | 1 |
| Unlisted options | 13/1/2027 | \$3.00 | 1,300,000 | 1 |
| Unlisted options | 13/1/2027 | \$5.00 | 1,300,000 | 1 |
| Unlisted options | 23/4/2026 | \$1.00 | 500,000 | 1 |
| Unlisted options | 23/9/2025 | \$0.056 | 1,300,000 | 1 |
| Unlisted options | 25/3/2024 | \$0.001 | 6,000,000 | 2 |
| Unlisted options | 27/11/2025 | \$0.075 | 55,000 | 1 |
| Unlisted options | 28/3/2027 | \$1.35 | 650,000 | 2 |
| Unlisted options | 28/3/2027 | \$3.00 | 650,000 | 2 |
| Unlisted options | 28/3/2027 | \$5.00 | 650,000 | 2 |
| Unlisted options | 31/12/2025 | \$0.075 | 1,226,752 | 1 |
| Unlisted options | 16/2/2027 | \$1.50 | 2,000,000 | 2 |
| Unlisted options | 20/6/2027 | \$1.35 | 325,000 | 1 |
| Unlisted options | 20/6/2027 | \$3.00 | 325,000 | 1 |
| Unlisted options | 20/6/2027 | \$5.00 | 325,000 | 1 |

Other shareholder information (continued)

For the year ended 30 June 2023

Voting rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present at a meeting in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

There are no voting rights in respect of options and rights over unissued shares.

On market buyback

There is no current on-market buy-back and there were no securities purchased on market for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

Use of Cash Consistent with Business Objectives

The Company has used its cash and assets in a form readily convertible to cash in accordance with its business objectives.

Restricted securities

Ordinary Shares

| Туре | Expiry date of escrow period | Number of shares on issue |
|--------------------------------------|------------------------------|---------------------------|
| Shares subject to ASX imposed escrow | 26/11/2023 | 15,610,470 |

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Corporate directory

Artrya Limited (ACN 624 005 741)

| Bernie Ridgeway – Non-Executive Chairman Dr Jacque Sokolov – Non-Executive Director Kate Hill – Non-Executive Director Kevin Hart Registered office and principal place of business 1257 Hay Street West Perth WA 6005 +618 6478 7816 Share register Computershare Level 17, 221 St Georges Terrace Perth WA 6000 KPMG Level 8, 235 St Georges Terrace Perth WA 6000 Solicitors Herbert Smith Freehills Level 11.1 The Esplanade Perth WA 6000 Bankers Bankwest 300 Murray Street Perth WA 6000 Stock exchange listing ASX: AYA Website www.artrya.com Corporate Governance Statement www.artrya.com/corporate-governance/ | | |
|---|---|--------------------------------------|
| Company Secretary Kevin Hart Registered office and principal place of business 1257 Hay Street West Perth WA 6005 +618 6478 7816 Computershare Level 17, 221 St Georges Terrace Perth WA 6000 1300 850 505 Auditor KPMG Level 8, 235 St Georges Terrace Perth WA 6000 Solicitors Herbert Smith Freehills Level 11, 1 The Esplanade Perth WA 6000 Bankwers 300 Murray Street Perth WA 6000 Stock exchange listing ASX: AYA Website Www.artrya.com | Directors | |
| Registered office and principal place of business 1257 Hay Street West Perth WA 6005 +61 8 6478 7816 Computershare Level 17, 221 St Georges Terrace Perth WA 6000 1300 850 505 Auditor KPMG Level 8, 235 St Georges Terrace Perth WA 6000 Solicitors Herbert Smith Freehills Level 11, 1 The Esplanade Perth WA 6000 Bankers Bankwest 300 Murray Street Perth WA 6000 Stock exchange listing ASX: AYA Website www.artrya.com | | Kate Hill - Non-Executive Director |
| West Perth WA 6005 +61 8 6478 7816 Computershare Level 17, 221 St Georges Terrace Perth WA 6000 1300 850 505 Auditor KPMG Level 8, 235 St Georges Terrace Perth WA 6000 Solicitors Herbert Smith Freehills Level 11, 1 The Esplanade Perth WA 6000 Bankers Bankwest 300 Murray Street Perth WA 6000 Stock exchange listing ASX: AYA Website | Company Secretary | Kevin Hart |
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| Solicitors Herbert Smith Freehills Level 11, 1 The Esplanade Perth WA 6000 Bankers Bankwest 300 Murray Street Perth WA 6000 Stock exchange listing ASX: AYA Website www.artrya.com | Auditor | KPMG |
| Solicitors Herbert Smith Freehills Level 11, 1 The Esplanade Perth WA 6000 Bankers Bankwest 300 Murray Street Perth WA 6000 Stock exchange listing ASX: AYA Website www.artrya.com | | Level 8, 235 St Georges Terrace |
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| Bankers Bankwest 300 Murray Street Perth WA 6000 Stock exchange listing ASX: AYA Website www.artrya.com | Solicitors | Herbert Smith Freehills |
| Bankwest 300 Murray Street Perth WA 6000 Stock exchange listing ASX: AYA Website www.artrya.com | | Level 11, 1 The Esplanade |
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| Website www.artrya.com | | Perth WA 6000 |
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