CardieX

A Global Health Technology Company

Annual Report

2021

CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234

CORPORATE DIRECTORY

DIRECTORS

Mr. Niall Cairns (Executive Chairman)
Mr. King Nelson
Mr. Craig Cooper (Chief Executive Officer)
Mr Jarrod White

JOINT COMPANY SECRETARIES

Mr. Jarrod White
Mr. Philip Leighfield (resigned 17 June 2021)
Mr Nicholas Marshall (appointed 17 June 2021)

CHIEF FINANCIAL OFFICER

Mr. Jarrod White

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 303, Level 3
15 Lime Street
Sydney NSW 2000
Telephone: (02) 9874 8761
Email: info@CardieX.com
Website: www.CardieX.com

SHARE REGISTRY

Link Market Services
Level 12, 680 George Street
Sydney NSW 2000
Telephone: (02) 8280 6000
Website: www.linkmarketservices.com

AUDITOR

BDO Audit Pty Ltd
Level 11, 1 Margaret Street
Sydney NSW 2000
Telephone: (02) 9251 4100
Facsimile: (02) 9240 9821
Website: www.bdo.com.au

CORPORATE ACCOUNTANT

Traverse Accountants
Suite 305, Level 3
35 Lime Street
Sydney NSW 2000
Website: www.traverseaccountants.com.au

STOCK EXCHANGE LISTING

CardieX Limited's shares are listed on the Australian Securities Exchange (ASX code: **CDX**).

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Chairman's Report

My Fellow Shareholders,

It is my pleasure to present the 2021 Annual Report for CardieX Limited.

The past year has been one of significant development as we continue to execute on our strategic plan for the Company.

Our ATCOR division delivered >30% sales growth, in constant currency and that growth is continuing into the FY22 year. Our current expectation is that ATCOR will be profitable by the end of FY22.

Our new CONNEQT division is also on track to launch several new devices and digital solutions in FY22 targeting multi-billion-dollar global healthcare markets. More details are provided in the "CEO Overview of Operations" below.

During the financial year shareholders continued to support the Company with both the August 2020 $2.5m capital raising and the December 2020 SPP, which was oversubscribed by 230%, raising an additional $3.2m. At year end we had a satisfactory level of cash reserves and, following positive discussions with the Company's largest option holders, we are confident that the upcoming November 2021 options will be strongly supported as the exercise date draws closer. In addition, all directors have advised that they will be exercising their options entitlements, to the fullest extent possible, which includes CardieX's largest share and option holder C2 Ventures Pty Limited, (jointly owned by CEO Craig Cooper and myself). On the basis of a strong option take-up, CardieX is well capitalised for its upcoming product launches.

I have great confidence for the year ahead as we continue to drive value for all our shareholders, and I would like to personally thank you for your ongoing support.

My best regards,

Niall Cairns

Niall Cairns
Executive Chairman
CardieX Limited

Chief Executive Officer's Report & Overview of Operations

My Fellow Shareholders,

This last year has continued our transition from a pure medical device business to a multi-platform developer of consumer and medical devices & software/SaaS based healthcare solutions.

Going into this next year I couldn't be more excited and energized about our new product development and the impact we are poised to make on global health outcomes. More detail is provided in my "CEO Overview of Operations" below.

I would like to thank my fellow Board members and management and staff at CardieX who have worked tirelessly to realise our vision as we continue to grow shareholder value.

My best regards,

Craig Cooper
CEO & Managing Director
CardieX Limited

CEO Overview of Operations

During FY21, CardieX operated sales, development, and marketing activities in 6 key market sectors:

1. The sale and marketing of XCEL and Oscar 2 medical devices for the management and diagnosis of cardiovascular disease, hypertension, and other vascular health disorders ($US2.5b mkt size: 2025);
2. The provision of clinical trial services to research and pharmaceutical companies and institutions;
3. Development of consumer & medical wearable technologies ($US37.6b mkt size: 2025);
4. Technology licensing;
5. Digital health including telehealth, SaaS, and clinician and consumer digital solutions ($US509b mkt size: 2025); and
6. The development of home vital signs monitors incorporating the company's patented & FDA-cleared SphygmoCor® technology.

All of CardieX's products and product development activity are founded in our core arterial waveform technology - known globally as "SphygmoCor®". Our SphygmoCor® technology currently has more than 4,500 installations worldwide and is used by leading research and pharmaceutical companies, such as Bayer, AstraZeneca, GSK as well as other leading healthcare institutions. CardieX is the only company that has FDA clearance for measuring central blood pressure, arterial stiffness, and other proprietary cardiovascular and arterial health parameters non-invasively in all adult subjects.

Towards the end of FY21, we underwent a significant corporate restructure. CardieX subsidiary ATCOR Medical, Inc was renamed simply "ATCOR" and we launched a new consumer focused brand called "CONNEQT".

ATCOR continues to focus on vital signs monitors and SaaS solutions for hospital, research & pharma, and specialist clinician markets while our new consumer brand, CONNEQT has been created to focus on home health devices, wearables, and consumer and medical health apps.

Under the CONNEQT brand, the Company is on track to launch multiple new products and devices in FY22. One of these products is the CONNEQT "Pulse" – a world-first dual blood pressure monitor, which will also be the first consumer vital signs monitor to include central blood pressure and ATCOR's patented SphygmoCor® technology The other major product targeted for release in FY22 is the CONNEQT Band wearable – which will include a full suite of patented health parameters as well as a comprehensive ecosystem of unique health and wellness features focused on heart health. We also continue to target a Q2FY2022 release of our smartwatch developed in partnership with Mobvoi.

OPERATIONAL UPDATE

Wearable Sensor Technology Development & Strategic Collaboration with LifeQ

Towards the end of the financial year, CONNEQT announced a strategic collaboration agreement with LifeQ, a leading global provider of biometrics and health information metrics from wearable devices. The agreement allows for both companies to leverage their joint Intellectual Property (IP) to be incorporated into our CONNEQT Band, delivering a unique combination of clinical and lifestyle related health metrics for consumer, healthcare, and enterprise customers. Under the agreement, CONNEQT will develop and own the CONNEQT Band, which we anticipate being the world's first AI-powered, FDA-cleared, clinical grade smart health band featuring our patent-pending dual-PPG sensing technology.

The CONNEQT Band will feature our patent-pending PPG-based finger sensor technology as well as a second PPG sensor on the wrist for continuous monitoring of general health related biometrics. LifeQ will be responsible for powering the delivery of biometric information obtained by way of the wrist-based PPG sensor and integrating its on-device software for data analytics and synchronisation to CONNEQT, as well as LifeQ's cloud-based networking infrastructure. CONNEQT will be responsible for building the device, obtaining 510k clearance from FDA, and commercializing and marketing the device.

ATCOR World-First PPG Sensor Algorithm

During the last quarter of FY21, our subsidiary, ATCOR, completed a major technological innovation with a world-first algorithm for a wearable optical sensor which is able to provide a unique range of cardiovascular health parameters based on ATCOR's patented SphygmoCor® technology.

This major milestone sets the technology algorithm foundation for our CONNEQT Band and other wearable partnerships and signalled the commercial readiness of ATCOR's wearable health analytics platform, Arty ™, into consumer and medical applications. Currently, no commercially available wearable offers the range of individual health parameters that are proposed for incorporation into the Company's Arty™ device and digital ecosystem, which will provide unique insights into the heart and surrounding arterial systems for both consumer and medical applications.

Mobvoi Product Launch Update

In September 2020, CardieX announced a commercial partnership with Mobvoi for a new health smartwatch that incorporates a suite of ATCOR's biometric algorithms and AI powered health analytics. Mobvoi, backed by Google, is one of China's most innovative AI, wearable and tech companies. The commercial partnership agreement for the development of the smartwatch will feature ATCOR's patented SphygmoCor® technology and include our new sensor parameters (ATCOR's world-first PPG sensor algorithm).

In anticipation of the smartwatch launch in Q2FY22, both companies have been developing a PR and launch marketing plan for the device with our new digital, brand and marketing agency as well as commencing discussions with multiple tech-exhibitions and upcoming conferences to showcase the device at launch in order to achieve maximum impact. No FDA clearance is required for the Mobvoi health smartwatch as it is not being marketed as a medical device.

Andon Partnership

In September 2020, CardieX signed a three-year co-development and commercialisation agreement with Andon for the development of a new line of medical and consumer health devices based on ATCOR's patented and gold standard SphygmoCor® technology - starting with our new "Pulse" device. Andon, a Shenzhen Stock Exchange listed company, is one of China's largest manufacturers of home-use medical electronic devices. The "Pulse" device, which now falls under the CONNEQT product offering, is a new home-based heart health vital signs monitoring system that uses ATCOR's FDA-cleared SphygmoCor® technology. "Pulse" will allow cloud-connected remote patient monitoring of a patient's cardiovascular diagnostics including our patented SphygmoCor® health parameters – a process that was previously only available through specialist clinicians.

The "Pulse" device will be the first new medical device for ATCOR since 2012 and significantly expands the commercial market opportunity for CardieX into the multi-billion dollar remote patient monitoring, telehealth and digital health markets.

Importantly, although all our product development is moving rapidly, and all major commercial partnerships are now in place to facilitate product development and launch, ultimately, all commercial launch timeframes are subject to FDA clearance which is out of the Company's control and driven primarily by the FDA backlog at the relevant time.

New Patent and Trademark Applications

In May 2021, CardieX subsidiary ATCOR, was granted an additional patent by the USPTO in relation to intellectual property regarding the Company's patented SphygmoCor® technology. US Patent No 11,006, 842 is titled "***Non-Invasive Brachial Blood Pressure Measurement***" and was granted to protect ATCOR's IP in relation to the measurement of central blood pressure waveforms using a brachial blood pressure cuff. The patent is in force until 2038. This new patent grant builds further on ATCOR's 13 existing patents in relation to the measurement of cardiovascular health parameters using both traditional brachial cuff devices as well as sensor-based wearable technologies.

In May of 2020, ATCOR also lodged a patent application for what is believed to be the world's first wearable sensor technology method and system using a PPG sensor – a technology which ATCOR is actively developing into the Mobvoi smartwatch and other upcoming CONNEQT product releases.

In September 2020, ATCOR was granted a new blood pressure patent (Patent EP2566387) by the European Patent Office to protect IP surrounding its SphygmoCor® technology used in cuff-based brachial blood pressure devices. The new patent is in force until March 2034 and follows similar patents already granted to ATCOR in the United States and Japan.

The CardieX group continues to build an extensive patent portfolio surrounding its intellectual property as we look to bring new products to market in multiple geographies around the world.

Strategic Investment Update: Blumio and inHealth

CardieX group companies also have several ongoing partnerships, investments, and development efforts, including a Co-Development Agreement (CDA) with Silicon Valley-based company Blumio, that integrates ATCOR's proprietary technology into the Blumio radar sensor that is in development targeting 24-hour ambulatory monitoring of cardiovascular patients. ATCOR also holds a USD$600K convertible note in Blumio which converts into 8% of Blumio, with a further 2% on the achievement of certain milestones.

The Company's partnership with inHealth Lifestyle Therapeutics (inHealth) remains strong. During FY21, inHealth launched a "Lifestyle Therapeutics Coaching Academy," which is certified by the US National Board of Health and Wellness Coaches (NBHWC) to train and develop clinical telehealth coaches. CardieX's CONNEQT subsidiary is discussing integrating inHealth's telehealth coaching solutions into CONNEQT's companion app for its upcoming PULSE and CONNEQT Band wearable.

The Company holds ordinary shares and a convertible note in inHealth.

CONNEQT Digital Health and Remote Patient Monitoring Platforms

CONNEQT's upcoming digital platform consists of several connected devices and digital solutions for remote patient monitoring and consumer health. Together, these digital health assets provide clinicians and consumers with a proprietary suite of health tools unique to our FDA-cleared SphygmoCor® technology.

CONNEQT has two digital platforms and solutions in fast-track development which align with CONNEQT's new product roadmap including:

1) The CONNEQT app – a consumer companion app for our "Pulse" device and CONNEQT Band, which incorporates health coaching, remote patient monitoring, and our patented heart-health parameters. The CONNEQT app will have the ability to remotely share your health readings with your physician and have both a free and subscription component.
2) The CONNEQT Physician Portal – our physician portal and companion SaaS solution that, paired with the "Pulse", provides physicians with the ability to directly monitor and care for patients remotely – and directly integrates our devices within the physicians billing and patient management systems. The physician portal will be a subscription SaaS solution.

OPERATIONAL UPDATE

ATCOR Pharmaceutical Clinical Trials Update

Our ATCOR clinical trial business unit remains strong and continues to generate significant revenue for the group. ATCOR contracts with pharmaceutical companies for the use of SphygmoCor® XCEL devices and the provision of core lab and data management services for clinical trials — providing end-to-end service that ultimately delivers clean datasets to study sponsors. We are currently contracted for clinical trials that will enrol over 3,000 patients at more than 150 clinical trial sites in 20 countries across the globe.

ATCOR's SphygmoCor® XCEL System was selected during the year for a Yale University clinical trial called: *Aspirin to Prevent Preeclampsia in Women With Elevated Blood Pressure and Stage 1 Hypertension (ASPPIRE).* This trial will use ATCOR's SphygmoCor® XCEL device to non-invasively measure central blood pressure, central arterial pressure waveform, and pulse wave velocity to test the effectiveness of aspirin for the prevention of preeclampsia in women with elevated blood pressure. ATCOR's technology will provide additional data on the cardiovascular health of women enrolled in the study and support the trial's safety.

In August 2020, ATCOR also entered into a new contract for the lease of ATCOR devices and the provisions of expanded data management services for Bayer's "AVANTI" trial. The value of the extended contract was US $420k.

In addition, the Company continues to provide XCEL and Oscar 2 devices in five global trials we are supporting with the likes of AstraZeneca and Bayer.

COVID-19 Update on Operations

Like all global companies, CardieX has continued to feel the impacts of the COVID-19 pandemic; however, we have been able to achieve significant milestones for the business in FY21. The Company's management and staff have seamlessly converted to communicating via digital channels, with some office locations able to migrate back to the office while upholding appropriate safety protocols. Travel restrictions to China have impacted new product and device launches, creating initial delays in obtaining sample and test units, but the team is on target to release industry disruptive devices to market in FY22.

The CARTESIAN Study has been a particularly proud moment for the Company in light of the pandemic. ATCOR is the preferred device supplier for the world's largest study on hypertension and COVID-19, the CARTESIAN Study, which aims to explore the immediate and long-term vascular consequences of COVID-19. Data from this study has been used to drive our product development going forward as we seek to refine our medical and consumer devices to better identify COVID-19 risk factors.

Board and Management Appointments

The Company announced expansion of the senior executive team with two new key hires:

- Steven Kesten M.D. was appointed as Chief Medical Officer (CMO)
- Mark Gorelick PhD. was appointed as Chief Product Officer (CPO)

Both Steven and Mark have already proven integral to the business as the Company moves forward with new product launches and expansion of its two subsidiaries, ATCOR and consumer wearable brand, CONNEQT, through FY21 and as we commence FY22.

The Company has also commenced a search for a Chief Marketing Officer to oversee the go-to-market strategy and global launch of all new products.

AGM Resolutions

The Company's Annual General Meeting was on 11 December 2020, and the following material resolutions were carried:

- Re-election of Mr. Niall Cairns as a Director
- Election of Mr. Jarrod White as a Director

OPERATIONAL UPDATE

Corporate

In late July 2020, CardieX successfully completed a $2.5 million placement offered to new strategic investors at $0.03 per share with a 1 for 5 free attaching listed option, resulting in the issue of approximately 83 million new Shares and 16.6 million new Listed Options.

In December 2020, CardieX announced a Share Purchase Plan (SPP) offering eligible shareholders an opportunity to apply for up to $30,000 of new shares in the Company at $0.05 per share. Upon the successful completion of the SPP, the Company raised $3.207 million before costs, representing a 230% oversubscription over the target raise of $1 million. This is the most that the Company has ever raised under an SPP, with the funds primarily being used for working capital purposes and investment into the expansion of product and market development initiatives.

At 30 June 2021, the Company had a cash balance of AU$3.67 million. CardieX's listed options (**ASX:CDXO** - $0.05 exercise price, November 2021 expiry) have the potential to raise AU $6.29 million if fully exercised. Unlisted options if fully exercised would raise a further AU$1.87 million on the same terms. Together the listed and unlisted options have the potential to raise a total of AU $8.16 million if fully exercised.

Outlook

Throughout FY21 we continued to achieve a number of significant milestones which has positioned the Company for major new product launches in FY22. These product launches will significantly expand the commercial opportunities for the Company into the consumer wearable, telehealth, digital, and remote patient monitoring markets.

The CONNEQT division is on track for the launch of several products including "Pulse" and the CONNEQT Band and our growth strategy continues to focus on expanding our product portfolio of consumer, home, and physician-focused devices and digital solutions.

CardieX's traditional business, ATCOR, continues to perform extremely well in research, clinical trial, pharma, and specialist clinician markets. Based on the strong growth we are seeing in all market segments and with the addition of new product launches, our internal sales target for FY22 is for a significant increase over our FY21 results and a return to profitability for our ATCOR division.

We will continue to prudently manage spending on new product development recognizing that the multi-billion market opportunities we are targeting will require growth capital going forward. Based on current forecasts we expect significant contributions from our CONNEQT division to commence during FY22 and to rapidly scale thereafter.

DIRECTORS' REPORT

The Directors of CardieX Limited (the "**Company"**) submit the financial report of the Company for the year ended 30 June 2021, which comprises the results of CardieX Limited and the entities it controlled during the period (the **"Group"**).

Review of Operations

The loss for the Group after income tax amounted to $5,545,597 (30 June 2020 $3,320,427).

The Group has generated total revenue of $5,257,624, up from $4,616,664 in the previous year.

Please refer to the operational update on page 4 for further information.

Principal Activities

During the year the principal continuing activities of the Group consisted of designing, manufacturing and marketing medical devices for use in cardiovascular health management.

Dividends

No dividends were paid or declared by the Group since the end of the previous financial year and the Directors do not recommend dividends be paid for the year ended 30 June 2021.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group not outlined in the Review of Operations.

Likely Developments and Expected Results of Operations

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Matters Subsequent to Year End

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

- On 24 August 2021, CardieX announced that all Directors who hold CDXO and other options expiring 30 November 2021 intend to exercise their options before the expiry to the full capacity allowed within compliance with the Corporations Act 2001.
- On 25 August 2021, AtCor Medical Inc, a CardieX Limited subsidiary, entered into a new amended contract for the lease of ATCOR devices and the provision of expanded data management services for Bayer's "CONCORD" trial. The extension of the contract is valued at US$495k.

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

Directors

The following persons held office as Directors of CardieX Limited at any time during or since the end of the financial year:

Mr. Niall Cairns
Mr. King Nelson
Mr. Craig Cooper
Mr. Jarrod White

Joint Company Secretaries

Mr. Jarrod White

Mr. Philip Leighfield (resigned 17 June 2021)

Mr Nicholas Marshall (appointed 17 June 2021)

Chief Financial Officer
Mr. Jarrod White

Information on Directors

Mr. Niall Cairns
Executive Chairman and Director

Qualifications:	B.Ec, CA and FAICD
Appointed:	20 December 2017, appointed Chairman on 27 February 2019
Experience and expertise:	Mr Cairns is a Sydney based technology growth investor with over 25 years of track record of value creation, restructuring, and exits in both listed and unlisted companies having assisted in driving the global growth of over 50 companies in sectors as diverse as digital media, Agtech, Medtech, consumer Internet, and SaaS based businesses. Niall is currently the Chairman of Tambla Limited, Kestrel Capital, Kestrel Growth Companies Ltd and a non-executive director of Consolidated Financial Holdings, DTS Limited, and Harri LLC.
Other current directorships:	Consolidated Financial Holdings Limited (formerly Chant West Holdings Limited), Kestrel Capital, Kestrel Growth Companies Limited, Tambla Limited, DTS Limited, and Harri LLC
Former directorships (last 3 years):	Tru-Test Corporation Limited, Com Ops Limited
Special responsibilities:	• Chairman of the Board. • Chairman of the audit and risk committee. • Member of remuneration and nomination committee.

Mr. King Nelson
Non-executive Director

Qualifications:	BA, MBA
Appointed:	13 November 2015
Experience and expertise:	King was elected to the Board in November 2015. He brings more than 30 years of diverse experience and expertise with medical devices. He is a former President and CEO of Uptake Medical Corporation, a company focused on treatments for emphysema and lung cancer. Previously, he served as president and CEO of Kerberos Proximal Solutions, which was acquired by FoxHollow Technologies, and as president and CEO of VenPro, a heart valve business acquired by Medtronic. Both these companies specialized in devices for the cardiovascular system. Prior to that, he spent 19 years with Baxter International and American Hospital Supply Corporation in roles of increasing responsibility that included division president for Dade Diagnostics, Bentley Labs, and Baxter's Perfusion Services. King is also currently CEO of Q'Apel Medical – a Medical device company focused on Neurovascular disease
Other current directorships:	None.
Former directorships (last 3 years):	Uptake Medical Corporation
Special responsibilities:	• Chair of remuneration and nomination committee. • Member of audit and risk committee.

Mr. Craig Cooper
Executive Director, Chief Executive Officer

Qualifications:	B.Ec, LLB (Hons)
Appointed:	1 December 2017
Experience and expertise:	Mr Cooper was appointed as Chief Executive Officer effective 1 December 2017. Mr Cooper has founded multiple successful health, digital media, technology, and wellness businesses – and was also the co-founder of the telecommunications company Boost Mobile - one of the leading mobile phone business in the USA. He is recognised as a global expert and thought leader in mobile and wireless technology as well as digital health and med-tech-related businesses. His venture capital funds have raised over A$1 billion in capital and have funded some of the most significant global digital media technology companies including Buzzfeed and The Huffington Post.
Other current directorships:	None.
Former directorships (last 3 years):	None.
Special responsibilities:	None.

Mr. Jarrod White
Non-executive Director

Qualifications:	B.Bus, CA
Appointed:	21 May 2020
Experience and expertise:	Mr. White is a Chartered Accountant and founding Director of Traverse Accountants Pty Ltd, a Corporate Advisory and Chartered Accounting Firm. In conjunction with his Corporate Advisory roles at Traverse Mr. White has been appointed Company Secretary and Chief Financial Officer of several other listed entities that operate on the Australian Stock Exchange and has a sound knowledge of corporate governance and compliance. Jarrod has also been an advisor to a wide range of capital raisings, IPO's and reverse takeover transactions and has a focus on working with growing Companies in the exploration, technology and biotech space.
Other current directorships:	None.
Former directorships (last 3 years):	High Peak Royalties Limited (ASX.HPR)
Special responsibilities:	None.

Meetings of Directors

The number of meetings of the Group's Board of Directors and of each Board Committee held during the financial year ended 30 June 2021 and the number of meetings attended by each Director were:

	Directors Meetings	
Director	**Held Whilst in Office**	**Attended**
Niall Cairns	5	5
King Nelson	5	5
Craig Cooper	5	5
Jarrod White	5	5

Directors' Interests

Information on the Directors' and their associates' interests in shares and options of the Company at 30 June 2021 can be found in the Remuneration Report on page 14.

Shares Issued on the Exercise of Options

During the financial year ended 30 June 2021, there were no shares issued to Directors on the exercise of options.

Environmental Regulations

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnity and Insurance of Directors and Officers

During the financial year the Group paid premiums in respect of a contract insuring Directors and Executives against a liability incurred in the ordinary course of business.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Corporate Governance Statement

A copy of the Corporate Governance Statement has not been disclosed within the Annual Report but is available on the website http://www.CardieX.com in accordance with the ASX Listing Rule 4.10.3.

Declaration by Directors

Before it approved the Company's 2021 financial statements, the Board was satisfied that the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Non-audit Services

The Directors received the Auditor's Independence Declaration under s.307 of the *Corporations Act 2001*, which is set out on page 19. The external auditor did not provide non-audit services to the Company during the year ended 30 June 2021.

Indemnity and insurance of auditor

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

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

Officers of the Company who are former partners of BDO

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 19.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for Directors and executives of CardieX Limited. The information in this report has been audited as required by 308(3C) of the Corporations Act 2001.

Principles used to determine the nature and amount of remuneration

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board also refers to external surveys to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors are entitled to receive share options, following approval by the shareholders of CardieX Limited.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The pool was increased to $360,000 at the 2015 shareholder meeting, excluding share-based payments that are subject to separate shareholder approval.

Executives

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

Alignment to shareholders' interests:

- has Company growth as a core component of plan design;
- focuses on sustained long-term growth in shareholder wealth; and
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in Company value;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

Details of the nature and amount of each element of the emoluments of each Director of CardieX Limited are set out below.

Directors

Names and positions held of key management personnel in office at any time during the financial year are:

Mr. Niall Cairns	Executive Director and Chairman
Mr. King Nelson	Non-executive Director
Mr. Craig Cooper	CEO and Executive Director
Mr. Jarrod White	Non-executive Director

REMUNERATION REPORT (CONT.)

Key Management Personnel Compensation

	Salary and directors fees	Share Based Payment Benefits	Total
	$	$	$
2021			
Niall Cairns	**204,000**	**247,611**	**451,611**
King Nelson	**36,697**	**15,295**	**51,992**
Craig Cooper	**528,953**	**545,759**	**1,074,712**
Jarrod White	**102,000**	**96,507**	**198,507**
Total Compensation	**871,650**	**905,172**	**1,776,822**
2020			
Niall Cairns	**179,000**	**-**	**179,000**
King Nelson	**40,103**	**-**	**40,103**
Craig Cooper	**446,828**	**464,297**	**911,125**
Jarrod White[1]	**8,129**	**857**	**8,986**
Total Compensation	**674,060**	**465,154**	**1,139,214**

1. Appointed as key management personnel on 21 May 2020.

Shares Held by Key Management Personnel and Their Associates

	Balance 01 July 2020	Additions	Balance 30 June 2021
Niall Cairns	**153,960,192**	**19,881,818[2]**	**173,842,010**
King Nelson	**153,846**	**-**	**153,846**
Craig Cooper	**158,960,192**	**18,281,818[2]**	**177,242,010**
Jarrod White	**3,257,577**	**1,600,000**	**4,857,577**
Total	**316,331,807**	**39,763,636**	**356,095,443**

2. A total of 18,281,818 shares acquired by Mr Cairns and Mr Cooper in the year are indirectly held by C2 Ventures, in which Mr Cairns and Mr Cooper are directors. These shares are subject to the Restriction Agreement and Deed of Undertaking as approved by members at the Extraordinary General Meeting held on 28 May 2018.

REMUNERATION REPORT (CONT.)

Shares Held by Key Management Personnel and Their Associates (Cont.)

	Balance 01 July 2019	Additions	Balance 30 June 2020
Niall Cairns	132,616,769	21,343,423[1]	153,960,192
King Nelson	153,846	-	153,846
Craig Cooper	137,616,769	21,343,423[1]	158,960,192
Jarrod White	-	3,257,577[2]	3,257,577
Total	270,387,384	45,944,423	316,331,807

1. A total of 21,343,423 shares acquired by Mr Cairns and Mr Cooper in the year are indirectly held by C2 Ventures, in which Mr Cairns and Mr Cooper are directors. These shares are subject to the Restriction Agreement and Deed of Undertaking as approved by members at the Extraordinary General Meeting held on 28 May 2018.
2. Shares held at appointment date of 21 May 2020.

Options Held by Key Management Personnel and Their Associates

	Balance 01 July 2020	Expired	Additions	Balance 30 June 2021
Niall Cairns	39,000,000[1]	-	4,420,455	43,420,455[1]
King Nelson	1,500,000	-	-	1,500,000
Craig Cooper	37,500,000[1]	-	4,420,455	41,920,455[1]
Jarrod White	1,897,728	-	-	1,897,728
Total	79,897,728	-	8,840,910	88,738,638

3. Directors Mr Cairns and Mr Cooper hold 41,920,455 options indirectly through C2 Ventures Pty Limited, of which they are both directors.

	Balance 01 July 2019	Expired	Additions	Balance 30 June 2020
Niall Cairns	39,000,000	-	-	39,000,000[4]
King Nelson	1,950,000	(450,000)	-	1,500,000
Craig Cooper	37,500,000	-	-	37,500,000[4]
Jarrod White	-	-	1,897,728[3]	1,897,728
Total	78,450,000	(450,000)	1,897,728	79,897,728

4. Options held at appointment date of 21 May 2020.
5. Directors Mr Cairns and Mr Cooper hold 37,500,000 options indirectly through C2 Ventures Pty Limited, of which they are both directors.

REMUNERATION REPORT (CONT.)

Performance Rights Held by Key Management Personnel and Their Associates

Mr Craig Cooper holds 36 million performance rights which vest subject to a set of Milestones as follows:

Tranche	Number of performance rights	Will vest if 30 Day VWAP exceeds:	Expiry Date of Performance Milestone
Tranche 2	8,000,000	$0.08	30/11/2021
Tranche 3	8,000,000	$0.12	30/11/2021
Tranche 4	4,000,000	$0.08	06/03/2022
Tranche 5	4,000,000	$0.12	06/03/2022
Tranche 6	12,000,000	$0.15	06/03/2022

On 11 December 2020 shareholders approved the issue of performance rights to be issued to the Directors under the Company's Performance Rights and Option Plan. These performance rights total 160,500,000 and expire on 11 December 2023. The terms of the Director rights on issue are as follows:

Tranche	Number of performance rights	Will vest if share price trade at or above:	Expiry Date of Performance Milestone
Tranche 1	11,000,000	$0.12	11/12/2023
Tranche 2	11,000,000	$0.15	11/12/2023
Tranche 3	24,500,000	$0.20	11/12/2023
Tranche 4	57,000,000	$0.25	11/12/2023
Tranche 5	57,000,000	$0.50	11/12/2023

	Balance 01 July 2020	Expired	Additions	Balance 30 June 2021
Niall Cairns	**-**	**-**	**68,000,000**	**68,000,000**
King Nelson	**-**	**-**	**3,500,000**	**3,500,000**
Craig Cooper	**36,000,000**	**-**	**68,000,000**	**104,000,000**
Jarrod White	**-**	**-**	**21,000,000**	**21,000,000**
Total	**-**	**-**	**160,500,000**	**196,500,000**

	Balance 01 July 2019	Expired	Additions	Balance 30 June 2020
Craig Cooper	**36,000,000**	**-**	**-**	**36,000,000**
Total	**36,000,000**	**-**	**-**	**36,000,000**

Employment Agreements

Remuneration and other terms of employment for the CEO and the other key management personnel are formalised in employment agreements. Each of these agreements provide for the provision of performance related cash bonuses, other benefits including health insurance and car allowances, and participation, when eligible, in the CardieX Limited Employee Share Option Plan. Other major provisions of the agreements relating to remuneration are set out below.

All contracts with executives may be terminated early by either party with variable notice periods, subject to termination payments as detailed below.

REMUNERATION REPORT (CONT.)

Craig Cooper – Chief Executive Officer

- Agreement commenced on 1 December 2017.
- Base salary of US$300,000 per annum.
- Bonuses to be paid at discretion of the Group based on performance reviews.
- Reimbursement for reasonable expenses incurred in running the US business, paid on a monthly basis.

Niall Cairns – Executive Chairman and Director

- Current agreement commenced with an effective date of 1 August 2019.
- Monthly consulting fee for strategic review and consulting services of US$10,000 per month.
- Reimbursement for reasonable expenses incurred.

King Nelson – Non-Executive Director

- Current agreement commenced with an effective date of 13 November 2015.
- Base salary of AU$40,000 per annum.

Jarrod White – Director

- Jarrod White is the principal of Traverse Accountants Pty Ltd, who holds an engagement with the Group covering CFO services, Company Secretarial services, and other general accountancy services.
- Mr White has received Directors Fees from 1 July 2020 for $30,000 per annum in addition to the arms' length services paid to Traverse Accountants Pty Ltd.

Loans to Directors and Key Management Personnel

There were no loans made to directors or key management personnel of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

Signed in accordance with a resolution of the Board of Directors, made pursuant to s298(2) of the *Corporations Act 2001*.

Niall Cairns

Niall Cairns
Executive Chairman
Sydney, 30 September 2021

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY GRANT SAXON TO THE DIRECTORS OF CARDIEX LIMITED

As lead auditor of CardieX Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of CardieX Limited and the entities it controlled during the period.

Grant Saxon
Director

BDO Audit Pty Ltd

Sydney

30 September 2021

CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		$	$
Sales revenue	2	**5,001,134**	4,292,552
Interest revenue	2	**256,490**	324,112
		5,257,624	4,616,664
Other income	3	**839,647**	673,726
Total income		**6,097,271**	5,290,390
Cost of sales		**(905,282)**	(698,176)
Bad debts expense		**(41,911)**	(68,936)
Marketing and sales expense		**(182,167)**	(433,731)
Product development and regulatory expense		**(918,112)**	(626,056)
Occupancy expense		**(294,658)**	(409,200)
Employee benefits expense		**(6,628,530)**	(4,853,172)
Administration expense		**(1,498,018)**	(1,356,806)
Interest expense		**(268,384)**	(164,740)
Loss of forgiveness of debt	8	**(338,373)**	-
Foreign exchange loss		**(567,433)**	-
Loss before income tax expense		**(5,545,597)**	(3,320,427)
Income tax expense	5	**-**	-
Loss attributable to members of the parent entity		**(5,545,597)**	(3,320,427)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations		**87,036**	97,886
Total comprehensive loss for the period		**(5,458,561)**	(3,222,541)
Basic loss per share (cents)	7	**(0.64)**	(0.46)
Diluted loss per share (cents)	7	**(0.62)**	(0.46)

These financial statements should be read in conjunction with the accompanying notes.

CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2021	2020
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	**3,665,259**	2,061,642
Trade and other receivables	10	**555,504**	819,523
Inventory	11	**444,226**	259,679
Financial assets	18	**3,530,963**	728,544
Other current assets	12	**1,100,304**	823,960
TOTAL CURRENT ASSETS		**9,296,256**	4,693,348
NON-CURRENT ASSETS			
Property, plant and equipment	14	**352,068**	565,636
Intangible assets		**331,577**	56,192
Financial assets	18	**1,252,129**	5,299,848
Other non-current assets	12	**32,150**	60,252
TOTAL NON-CURRENT ASSETS		**1,967,924**	5,981,928
TOTAL ASSETS		**11,264,180**	10,675,276
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	**1,074,799**	711,530
Unearned revenue	16	**430,181**	1,524,861
Provisions	17	**404,793**	322,547
Financial liabilities	20	**275,209**	249,447
Lease liabilities	21	**70,616**	117,702
Borrowings	22	**989,723**	718,464
TOTAL CURRENT LIABILITIES		**3,245,321**	3,644,551
NON-CURRENT LIABILITIES			
Provisions	17	**218**	-
Lease liabilities	21	**108,292**	192,557
Borrowings	22	**-**	958,167
TOTAL NON-CURRENT LIABILITIES		**108,510**	1,150,724
TOTAL LIABILITIES		**3,353,831**	4,795,275
NET ASSETS		**7,910,349**	5,880,001

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 (CONT.)

	Note	2021	2020
		$	**$**
EQUITY			
Contributed equity	23	**59,286,666**	53,127,941
Reserves	24	**3,086,032**	1,969,548
Accumulated losses	26	**(54,462,349)**	(49,217,488)
TOTAL EQUITY		**7,910,349**	5,880,001

These financial statements should be read in conjunction with the accompanying notes.

CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2021

	Note	Shares on Issue	Reserves	Accumulated losses	Total
		$	$	$	$
Balance at 1 July 2019		**51,500,876**	**1,613,332**	**(46,163,273)**	**6,950,935**
Loss for the year		-	-	(3,320,427)	(3,320,427)
Other comprehensive income		-	97,886	-	97,886
Total comprehensive income for the year		-	97,886	(3,320,427)	(3,222,541)
Transactions with equity holders in their capacity as owners.					
Capital placement	23	1,000,000	-	-	1,000,000
Share issue costs		(13,238)	-	-	(13,238)
Shares issued on conversion of convertible notes		640,303	(88,441)	-	551,862
Share based payments		-	612,983	-	612,983
Options expired		-	(266,212)	266,212	-
Balance at 30 June 2020		**53,127,941**	**1,969,548**	**(49,217,488)**	**5,880,001**
Balance at 1 July 2020		**53,127,941**	**1,969,548**	**(49,217,488)**	**5,880,001**
Loss for the year		-	-	(5,545,597)	(5,545,597)
Other comprehensive income		-	87,036	-	87,036
Total comprehensive income for the year		-	87,036	(5,545,597)	(5,458,561)
Transactions with equity holders in their capacity as owners.					
Capital placement	23	6,385,478	-	-	6,385,478
Shares issued in lieu of payments to employees		106,652	-	-	106,652
Share issue costs		(333,405)	-	-	(333,405)
Share based payments		-	1,330,184	-	1,330,184
Options expired		-	(300,736)	300,736	-
Balance at 30 June 2021		**59,286,666**	**3,086,032**	**(54,462,349)**	**7,910,349**

These financial statements should be read in conjunction with the accompanying notes.

CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**4,511,959**	5,091,611
Payments to suppliers and employees		**(9,024,602)**	(7,240,986)
		(4,512,643)	(2,149,375)
Grant income		**522,779**	449,203
Interest received		**729**	1,321
Net cash used in operating activities	27	**(3,989,135)**	(1,698,851)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment		**(71,184)**	(175,203)
Payments for intangible assets		**(287,155)**	(33,693)
Payments for convertible notes		**-**	(3,490,217)
Receipts from convertible notes		**721,500**	-
Net cash from/(used in) investing activities		**363,161**	(3,699,113)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued		**6,385,478**	1,000,000
Share issue costs		**(333,405)**	(13,238)
Loans received		**13,750**	1,673,770
Loans repaid		**(459,778)**	-
Finance costs		**(175,138)**	(44,375)
Repayment of lease payments		**(144,977)**	(142,738)
Net cash provided by financing activities		**5,285,930**	2,473,419
Net increase/(decrease) in cash held		**1,659,956**	(2,924,545)
Cash and cash equivalents at beginning of financial year		**2,061,642**	4,980,826
Effects of foreign currency exchange		**(56,339)**	5,361
Cash and cash equivalents at end of financial year	9	**3,665,259**	2,061,642

These financial statements should be read in conjunction with the accompanying notes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of CardieX Limited and controlled entities ('Consolidated Group' or 'Group'). The separate financial statements and notes of CardieX Limited as an individual parent entity ('Company') have not been presented within the financial report as permitted by the *Corporations Act 2001*. CardieX Limited is a for-profit entity.

The financial statements were authorised for issue on 30 September 2021 by the directors of the Company.

Basis of Preparation
The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001.*

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are reported below. They have been consistently applied unless stated otherwise. All applicable new accounting standards have been adopted for the year ended 30 June 2021 unless otherwise stated and their adoption did not have a significant impact on the financial performance or position of the consolidated entity.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

a. **Going Concern**
The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

At the date of signing, the Directors have assessed that there is a material uncertainty related to going concern that may cast significant doubt over the ability of the Group to continue as a going concern given that the Group incurred a loss after tax of $5,545,597 (2020: $3,320,427) and had net cash outflows from operating activities of $3,989,135 for the year ended 30 June 2021 (2020: $1,698,851). As a result of these conditions the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

- The Group has cash and cash equivalents of $3,665,259 as at 30 June 2021 (2020: $2,061,642). As at that date, the Group had net assets of $7,910,349 (2020: $5,880,001). The Group has performed a cash flow forecast and determined that it has adequate cash resources in place to fund its operations for the next 12 months, subject to additional capital raisings taking place.
- There are currently 125,342,537 CDXO options with a 5 cent exercise price on issue that expire on 30 November 2021. The Group anticipates a strong shareholder take up of these options, however this is contingent on the share price as the expiry date nears.
- All Directors who hold CDXO and other options expiring 30 November 2021 intend to exercise their options before the expiry to the full capacity allowed within compliance with the Corporations Act 2001. All options have an exercise price of 5 cents. This will result in a minimum of $1,500,000 in additional funding.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

a. **Going concern (cont.)**

- If required, the Group has the ability to continue to raise additional funds on a timely basis pursuant to the Corporations Act 2001. The Group has raised $6,385,478 in equity funding in the previous 12-month reporting period. The Directors have no reason to believe that it will not be able to continue to source equity or alternative funding if required.
- There is a term loan facility of $989,723 repayable in October 2021, however this will be partially offset by R&D tax rebates expected in the same month. The Group are also currently reviewing options to extend or refinance the facility.

Accordingly, the Directors believe that the Group will be able to continue as a going concern, and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

b. **Principles of Consolidation**

A controlled entity is any entity CardieX Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a 30 June 2021 financial year-end for this current year.

As at the reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year ended.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Company.

Where controlled entities have entered or left the Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

c. **Revenue Recognition**

To determine whether to recognise revenue and what price, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group has identified the following revenue streams:

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the control is transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

c. **Revenue Recognition (Cont.)**

Lease income

The Group earned lease income from both finance and operating lease of goods and continues to recognise related income in line with AASB 16 Leases. The Group recognises unearned revenue for lease income received in advance where the benefit from the use of the underlying asset has not been diminished. The unearned revenue is reported in the statement of financial position. Similarly, if the Group provides benefits from the underlying asset before it receives the consideration, the Group recognises either a contract lease asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

For operating leases the lease income and interest in relation to the goods are recognised over time per the terms set in the contract with the customer.

For goods sold on a finance lease, income is recognised at the point of sale, which is where the customer has taken delivery of the goods, the control is transferred to the customer and there is a valid sales contract. Any associated interest income is recognised over the life of the lease in line with the terms set in the contract with the customer.

Service income

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

Freight income

Freight income is recognised when the control is transferred to the customer and there is a valid sales contract.

Royalty income

Royalty income is recognised when entitled under royalty agreements.

Other revenue

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

d. **Government Grants**

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Research and development grant income

Research and development grant income is recognised when the Group is entitled to the research and development grant. The amount is treated as other income in the period in which the research and development costs were incurred.

Forgivable loans

Income resulting from the forgiveness of a Government loan is recognised when realised, meaning the final forgiveness amount has been determined and forgiveness has been issued by the Government. Until it is reasonably certain that forgiveness will be issued, the loan amount is recognised as a financial liability under AASB 9.

e. **Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

e. **Plant and Equipment (Cont.)**

The useful lives used for depreciable assets are:

Class of Fixed Asset	*Useful lives*
Manufacturing plant and equipment	3 – 10 years
Furniture, fixtures and equipment	3 – 5 years
Devices leased to customers	3 – 4 years
Lease improvements	Life of lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

f. **Impairment of Assets**

At each reporting date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. **Financial Instruments**

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 9, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Hybrid contracts

If a hybrid contract contains a host that is a financial asset, the policies applicable to financial assets are applied consistently to the entire contract.

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through profit or loss (FVPL)
- debt instruments at fair value through other comprehensive income (FVOCI)
- equity instruments at fair value through other comprehensive income (FVOCI)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

g. **Financial Instruments (Cont.**)

Classifications are determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at FVOCI. Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend income is taken to profit or loss unless the dividend clearly represents return of capital.

Impairment of Financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

g. **Financial Instruments (Cont.**)

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

All financial assets, except for those at fair value through profit or loss (FVPL) and equity investments at fair value through other comprehensive income (equity FVOCI), are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets at fair value through other comprehensive income

The Group recognises 12 months expected credit losses for financial assets at FVOCI. As most of these instruments have a high credit rating, the likelihood of default is deemed small. However, at each reporting date the Company assesses whether there has been a significant increase in the credit risk of the instrument.

In assessing these risks, the Group relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Group only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the Group would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk.

In addition, the Group considers other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrowers operating results.

Should any of these indicators imply a significant increase in the instrument's credit risk, the Group recognises for this instrument or class of instruments the lifetime expected credit losses.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below. The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

h. **Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of the cash flows.

i. **Leases**

AASB 16 was issued in February 2016 for adoption from January 2019. The Group had decided to early adopt the standard from 1 July 2018. It has resulted in almost all the Group's leases being recognised on the statement of financial position as right-of-use assets, as the distinction between operating and finance leases is removed. Under the standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

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

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined at leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense son a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB117.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial acquisition.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

j. **Contract liabilities**

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

k. **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

l. **Equity-Settled Compensation**

There has been no equity based compensation with the exception of that described in Note 25. The capital subscribed to as per this note was acquired at fair value at the time of purchase.

Options issues have their fair value determined with reference to an approved valuation methodology, such as the Black-Scholes valuation method. On issue, the fair value of an option is taken to the Income Statement as equity settled compensation, with a corresponding credit to the options reserve. This is then disclosed as other comprehensive income in the Statement of Comprehensive Income to show other net profit position of the Group from a third party perspective.

Shares have their value determined using the direct method of share price at date of issue multiplied by the number of shares issued.

m. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

n. **Trade and Other Receivables**

Trade receivables are recognised when the control of ownership of the underlying sales transactions have passed to the customer in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group has adopted AASB 9 from 1 July 2018. The Group’s trade and other receivables at year end and now assessed under the new impairment requirements which use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12 month ECL method unless the credit risk on a financial asset has increased significantly since initial recognition in which case the lifetime ECL method is adopted.

o. **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

p. **Trade and Other Payables**

Liabilities for creditors and other amounts are carried at amortised cost, which is the present value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. The carrying period is dictated by market conditions but is generally less than 30 days.

q. **Provisions**

The Group’s provisions consist of short-term and long-term employee benefits.

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

q. **Provisions (Cont.)**

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur. The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, irrespective of when the actual settlement is expected to take place.

r. **Income Tax**

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

CardieX Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of July 1, 2005.

The head entity, CardieX Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

s. **Finance Costs**

Finance costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs are recognised in the period in which they are incurred.

t. **Right of Use Asset**

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

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expenses on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

u. **Lease Liabilities**

The lease liability is initially measured at the present value of fixed lease payments that are not yet 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.

Variable lease payments are only included in measuring the lease liability if they depend on a rate. In such cases, the initial measurement of the lease liability assumed the variable element will remain unchanged throughout the lease term.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in further lease payments arising from a change in the market rate.

Refer to Note 21 for further details.

v. **Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows. There is provision made in the Statement of Cash Flows to disclose the applicable GST refunds/payments that have been remitted to the ATO to accurately show the cash position of CardieX Limited.

w. **Foreign Currency Translation**

Functional currency

Items included in the financial statements of the Group's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency').

The functional currency of the Company and controlled entities registered in Australia is Australian dollars (AU$).

The functional currency of the AtCor Medical Inc is United States dollars (US$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

Presentation currency

The financial statements are presented in Australian dollars, which is the Group's presentation currency.

Functional currency balances are translated into the presentation currency using the exchange rates at the balance sheet date. Value differences arising from movements in the exchange rate is recognised in the statement of comprehensive income.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

x. **Issued Capital**

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

y. **Foreign Currency Translation Reserve**

Foreign currency translation reserve comprises foreign currency translation differences arising on the translation of financial statements of the Group's foreign entities into $AUD.

z. **Earnings Per Share**

Basic earnings per share is calculated by dividing the profit or loss attributable to the owners 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.

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

aa. **Comparative Figures**

Comparative figures have been derived from the financial statements for CardieX Limited for the year ended 30 June 2021, and changes in presentation are made where necessary to comply with accounting standards.

ab. **Critical Accounting Judgements. Estimates and Assumptions**

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

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

ab. **Critical Accounting Judgements. Estimates and Assumptions**

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Critical Accounting Judgements. Estimates and Assumptions (Cont.)
Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available.

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

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision
As discussed in Note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences where management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant judgement is required on the part of management and the Board to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the future years together with future tax planning strategies. Management and the Board have determined not to raise any deferred tax assets which are estimated at $11,158,840 during the full year ended 30 June 2021 so as to enable the Board to determine more reliably the probability of utilising these tax assets in the foreseeable future.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

ab. **Critical Accounting Judgements. Estimates and Assumptions (Cont.)**

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Impairment – general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Platform and product development costs

Platform and development costs have been expensed in the year in which incurred. These amounts have not been capitalised on the basis that the directors consider that the expenditures do not meet the recognition criteria of development costs as defined by AASB 138 Intangible Assets.

Functional Currency

The Group has operations in both the US and Australia, however the functional currency is deemed to be Australian dollars as the Group is listed on the Australian stock exchange and the main operations are located in Australia.

Functional currency of AtCor Medical Inc.

In determining that United States dollar (US$) is the functional currency of AtCor Medical Inc., management have applied judgement to assess the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions in AMI. Management have considered the currency that mainly influences sales prices for goods and services and labour, material and other costs of providing goods or services.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

ac. **New Accounting Standards and Interpretations Adopted**

The Group has adopted all other new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

As at 30 June 2021, the group has adopted all new and revised mandatory accounting standards applicable. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTE 2: REVENUE

	2021	2020
	$	$
Sales revenue		
Sale of goods	**2,104,182**	1,895,584
Lease income	**2,165,120**	1,495,974
Service income	**595,562**	632,099
Freight income	**81,674**	132,231
Royalty income	**54,596**	136,664
	5,001,134	4,292,552
Other revenue		
Interest revenue	**256,490**	324,112
Total revenue	**5,257,624**	4,616,664

CardieX leases multiple medical devices to customers as part of pharmaceutical trials. The amounts are paid over an accelerated term per the signed contract, and then revenue is recognised on a straight line basis based on the amount of equipment delivered. The equipment is leased to the customer for approximately 2 years which is not considered to be a major part of the economic life of the asset. The equipment is returned to CardieX at the end of the lease and the equipment can continue to be used without any major modification.

LESSOR COMMITMENTS

	Consolidated	
	2021	2020
	$	$
Minimum lease commitments receivable but not recognised in the financial statements:		
Within one year	**603,316**	399,477
One to five years	**3,166**	86,783
More than five years	**-**	-
	606,482	486,260

NOTE 3: OTHER INCOME

R&D tax concession from the Australian Tax Office	**536,008**	433,886
Covid-19 Stimulus benefits from the Australian Tax Office	**63,000**	154,000
Loan forgiveness[1]	**233,479**	-
Foreign exchange gains	**-**	33,876
Other	**7,160**	51,964
	839,647	673,726

1. CardieX's wholly owned US subsidiary, AtCor Medical Inc received a loan from the US Government in April 2020 as part of its Paycheck Protection Program, which was subsequently forgiven in full in April 2021.

NOTE 4: EXPENSES

	2021	2020
	$	$
Loss before income tax includes the following specific expenses:		
Depreciation on plant and equipment	**73,805**	92,580
Depreciation on right of use assets	**108,624**	112,662
Share based payments	**1,406,836**	612,983
Rental expense relating to short term leases	**62,820**	127,845

NOTE 5: INCOME TAX EXPENSE

	2021	2020
Loss from continuing operations before income tax expense	**(5,545,597)**	(3,320,427)
Prima facie tax benefit on loss from ordinary activities before income tax at 26% (2020: 27.5%):	**(1,441,855)**	(913,117)
Add tax effect of:		
— Other non-allowable items	**747,652**	529,983
Subtotal	**(694,203)**	(383,134)
Less tax effect of:		
— Items not assessable for taxation	**(295,248)**	(144,413)
— Items deductible for taxation but not accounting	**(116,116)**	(211,546)
Differences in overseas tax rates	**(4,492)**	135,860
Benefit of tax losses and temporary differences not recognised	**1,110,059**	603,233
Income tax expense	**-**	-

The Group has carried forward tax losses, calculated according to Australian income tax legislation of $38,636,618 (2020: $36,969,985), which will be deductible from future assessable income provided that income is derived, and:

a) The Company and its controlled entities carry on a business of, or a business that includes software development in Australia; and
b) No change in tax legislation adversely affects the Group and its controlled entities in realising the benefit from the deduction for the losses.

The benefit of these losses will only be recognised where it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Deferred tax assets are estimated but not recognised at $10,045,521 at 30 June 2021 (2020: $10,166,746).

CardieX Limited and its wholly-owned Australian controlled entities are consolidated for income tax purposes. The accounting policy in relation to this legislation is set out in note 1(r).

As at the date of this report the entities in the tax consolidation group had not entered into a tax sharing agreement. No compensation has been received or paid for any current tax payable or deferred tax assets relating to tax losses assumed by the parent entity since implementation of the tax consolidation regime.

NOTE 6: AUDITOR REMUNERATION

	2021	2020
	$	$
Remuneration of the auditor of the Group for:		
Audit services for the financial year – BDO	**99,000**	86,500

NOTE 7: LOSS PER SHARE

		2021	2020
a.	Reconciliation of loss:		
	Loss after tax	**(5,545,597)**	(3,320,427)
b.	Weighted average number of ordinary shares outstanding during the year used in calculating loss per share	**872,789,426**	726,773,815
c.	Basic loss per share	**(0.64)**	(0.46)
d.	Diluted loss per share	**(0.62)**	(0.46)

NOTE 8: LOSS ON FORGIVENESS OF DEBT

	2021	2020
	$	$
Loss of forgiveness of debt	**338,373**	-
Total	**338,373**	-

Loss relates to a forgiveness of interest recognised on the InHealth Convertible Note. Refer to Note 18 for more information.

NOTE 9: CASH AND CASH EQUIVALENTS

	2021	2020
	$	$
Cash at bank and on hand	**3,665,259**	2,061,642
Total	**3,665,259**	2,061,642

NOTE 10: TRADE AND OTHER RECEIVABLES

	2021	2020
	$	$
Trade receivables	**604,011**	887,687
Less: Provision for doubtful debts (a)	**(48,507)**	(68,164)
	555,504	819,523

NOTE 10: TRADE AND OTHER RECEIVABLES (CONT.)

a) Impaired trade receivables

Trade receivables and other receivables are non-interest bearing and are generally on 30 to 60 day terms.

The Group has adopted AASB 9 from 1 July 2018. The Group's trade and other receivables at year end are assessed under the impairment requirements which use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial asset has increased significantly since initial recognition in which case the lifetime ECL method is adopted.

As at 30 June 2021 current trade receivables of the Group with a nominal value of $48,507 (2020: $68,164) were fully impaired.

	2021	2020
	$	$
At 1 July	**68,164**	138,485
Provision for impairment recognised during the year	**41,911**	67,815
Reversed of provision upon receipt of payment	**-**	(31,570)
Receivables written off during the year as uncollectible	**(61,568)**	(106,566)
At 30 June	**48,507**	68,164

(b) Fair value, foreign exchange and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 29 for more information on the risk management policy of the Group, the credit quality and foreign currency risk of the Group's trade receivables.

(c) Interest rate risk

Detail regarding interest rate risk exposure is disclosed in Note 29.

NOTE 11: INVENTORY

	2021	2020
	$	$
Raw materials and stores - at cost	**283,938**	267,558
Finished goods at cost	**160,288**	68,087
Provision for inventory impairment	**-**	(75,966)
	444,226	259,679

There were no charges to write-off obsolete inventories in the year ended 30 June 2021 (2020: nil).

NOTE 12: OTHER ASSETS

	2021	2020
	$	$
CURRENT		
Prepayments	**445,627**	75,614
Contract assets	**83,935**	185,711
R&D tax incentive receivable	**542,923**	466,694
Deposits	**25,195**	38,358
Other	**2,624**	57,583
	1,100,304	823,960
NON CURRENT		
Deposits	**32,150**	60,252

NOTE 13: CONTROLLED ENTITIES

Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)* 2021	Percentage Owned (%)* 2020
PARENT ENTITY:			
CardieX Limited	Australia		
SUBSIDIARIES OF CARDIEX LIMITED			
AtCor Medical Pty Limited	Australia	**100**	100
AtCor Medical Inc	USA	**100**	100
CardieX (Shanghai) Medical Technology Co., Ltd.	China	**100**	100
Conneqt Inc (Incorporated on 27 April 2021)	USA	**100**	-

** Percentage of voting power is in proportion to ownership*

NOTE 14: PLANT AND EQUIPMENT

	Manufacturing plant and equipment	Furniture, fixtures and equipment	Devices leased to customers	Property under lease (right-of use asset)	Total
	$	$	$	$	$
Year ended 30 June 2020					
Opening net book amount	42,396	109,213	91,356	370,386	613,351
Additions	-	44,553	124,142	-	168,695
Exchange differences	-	1,030	(1,612)	4,324	3,742
Depreciation charge	(25,445)	(52,438)	(30,478)	(111,791)	(220,152)
Closing net book amount	16,951	102,358	183,408	262,919	565,636
At 30 June 2020					
Cost	508,680	849,061	228,199	432,890	2,018,830
Accumulated depreciation	(491,729)	(746,703)	(44,791)	(169,971)	(1,453,194)
Net book amount	16,951	102,358	183,408	262,919	565,636

	Manufacturing plant and equipment	Furniture, fixtures and equipment	Devices leased to customers	Property under lease (right-of use asset)	Total
	$	$	$	$	$
Year ended 30 June 2021					
Opening net book amount	**16,951**	**102,358**	**183,408**	**262,919**	**565,636**
Additions	**-**	**20,621**	**50,563**	**-**	**71,184**
Exchange differences	**-**	**(4,915)**	**(9,720)**	**(14,201)**	**(28,836)**
Depreciation charge	**(13,979)**	**(46,506)**	**(86,826)**	**(108,382)**	**(255,693)**
Disposal Adjustments to Cost	**(163,813)**	**(634,405)**	**(37,897)**	**-**	**(836,115)**
Disposal Adjustments to Depreciation	**163,787**	**634,208**	**37,897**	**-**	**835,892**
Closing net book amount	**2,946**	**71,361**	**137,425**	**140,336**	**352,068**
At 30 June 2021					
Cost	**344,867**	**230,362**	**231,145**	**418,689**	**1,225,063**
Accumulated depreciation	**(341,921)**	**(159,001)**	**(93,720)**	**(278,353)**	**(872,995)**
Net book amount	**2,946**	**71,361**	**137,425**	**140,336**	**352,068**

NOTE 15: TRADE AND OTHER PAYABLES

	2021	2020
	$	$
Trade creditors	**776,976**	537,404
Other payables	**297,823**	174,126
	1,074,799	711,530

NOTE 16: UNEARNED REVENUE

	2021	2020
	$	$
Unearned Revenue	**430,181**	1,524,861
	430,181	1,524,861

The above unearned revenue relates to contracts where payments have been received, but revenue has not yet been recognised.

NOTE 17: PROVISIONS

CURRENT		
Employee provisions	**404,793**	322,547
NON-CURRENT		
Employee provisions	**218**	-
	405,011	322,547

NOTE 18: FINANCIAL ASSETS

CURRENT		
inHealth convertible note	**3,530,963**	728,544
	3,530,963	728,544
NON-CURRENT		
Blumio convertible note	**908,155**	942,373
inHealth investment	**343,974**	343,974
inHealth convertible note	**-**	4,013,501
	1,252,129	5,299,848
TOTAL FINANCIAL ASSETS	**4,783,092**	6,028,392

NOTE 18: FINANCIAL ASSETS (CONT.)

Blumio Inc

- In March 2018, the Company entered into a convertible note purchase agreement for the acquisition of a Convertible Note (the "Blumio Note") issued by Blumio Inc, payable in two instalments. The full principal balance of US$600,000 payable under the Blumio Note agreement was met on 14 March 2019;
- Both the debt and derivative components of the Blumio Note are measured as a single instrument at fair value through profit and loss (FVTPL). It is measured at FVTPL as there is an embedded conversion feature. The term of the Blumio Convertible Note continues until a fundraising event of more than $8,000,000 occurs at which point the investment will convert into shares in the Blumio at a 20% discount to the price of the fundraising;
- As at 30 June 2021, the total convertible note asset was $908,155 made up of $798,085 of payments and $110,070 in interest.

inHealth Medical Services

- On 31 January 2019, the Company exercised in full its option under the agreement to purchase US$3,000,000 of inHealth Medical Services "Tranche 2" (T2) Convertible Note (the "inHealth Note") securities;
- Both the debt and derivative components of the inHealth Note are measured as a single instrument at FVTPL;
- By 31 December 2019, the Company had paid the full US$3,000,000 to inHealth under the Agreement for the T2 Notes;
- In July 2020, the Company and inHealth had signed an agreement to restructure the partnership. Key changes were reducing the outstanding convertible note to US$2,500,000 by repayment of US$500,000, extending the maturity date to 1 July 2021, and exchanging the option to move to 50.5% for the issuance of 1% of the fully diluted equity of inHealth.
- In July 2021 it was agreed to further extend the maturity date of the convertible note to 31 December 2021, and further agreed between the parties to forgive accrued interest up until 30 June 2020 totalling $338,373 in return for a further 1% of fully diluted equity of inHealth to CardieX.
- As at 30 June 2021, the total convertible note asset was $3,530,963 made up of the initial $3,325,352 in principal and $205,611 in interest.
- As at 30 June 2021, the Company holds 7.7% equity (plus the above 1% fully diluted equity) in inHealth Medical Services, Inc, and a further 1% equity was issued to CardieX in July 2021.
- inHealth Medical has continued to deliver significant growth, with the 2021 calendar year to date revenue up 240% on the prior year.
- Since July 2021, inHealth has raised US$500,000 in ordinary share capital as part of a bridge round of financing, based on a $9,000,000 valuation.

NOTE 19: FAIR VALUE MEASUREMENT

Fair value measurement hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

NOTE 19: FAIR VALUE MEASUREMENT (CONT.)

2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Convertible notes	-	-	**4,439,118**	**4,439,118**
Shares at FVTPL	-	-	**343,974**	**343,974**
Total Assets	**-**	**-**	**4,783,092**	**4,783,092**
Liabilities				
Convertible notes	-	-	**275,209**	**275,209**
Total Liabilities	**-**	**-**	**275,209**	**275,209**

2020	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Convertible notes	-	-	5,684,418	5,684,418
Shares at FVTPL	-	-	343,974	343,974
Total Assets	**-**	**-**	**6,028,392**	**6,028,392**
Liabilities				
Convertible notes	-	-	249,447	249,447
Total Liabilities	**-**	**-**	**249,447**	**249,447**

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables are assumed to approximate their fair value due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities are the current market interest rate that is available for similar financial liabilities.

The following valuation techniques are used for instruments categorised in Level 3:

Convertible notes (Level 3) – The Group's holding of convertible notes issued by Blumio and inHealth are classified as loans held at FVTPL. The Group periodically reviews the fair value of the convertible notes by reviewing the credit risk posed by the borrowers and the operations of the underlying business.

Shares in inHealth (Level 3) – The fair value of this investment was determined based on an appropriate equity pricing model that takes into account the investee's expected future performance and based on an appropriate growth factor for a similar listed entity and a risk adjusted discount rate.

NOTE 19: FAIR VALUE MEASUREMENT (CONT.)

	Shares in inHealth $	inHealth convertible note $	Blumio convertible note $	Total $
Balance at 30 June 2019	343,974	4,383,249	870,743	5,597,966
Interest income	-	270,314	53,798	324,112
Forex adjustment	-	88,482	17,832	106,314
Balance at 30 June 2020	**343,974**	**4,742,045**	**942,373**	**6,028,392**
Interest income	**-**	**206,999**	**48,763**	**255,762**
Repayments	**-**	**(721,501)**	**-**	**(721,501)**
Loan forgiveness	**-**	**(338,373)**	**-**	**(338,373)**
Forex adjustment	**-**	**(358,207)**	**(82,981)**	**(441,188)**
Balance at 30 June 2021	**343,974**	**3,530,963**	**908,155**	**4,783,092**

NOTE 20: FINANCIAL LIABILITIES

	2021 $	2020 $
Convertible note liabilities	**275,209**	249,447
Total financial liabilities	**275,209**	249,447

In January 2019, C2 Ventures Pty Ltd applied to the Company for 2,500,000 convertible notes at $1 per note.

On 6 March 2019, 1,638,503 notes were converted to shares and a further 640,303 notes were converted to shares on 21 November 2019. The current liability at 30 June 2021 relates to the remaining 221,194 notes to be converted in FY2022 at $1 per note, plus $54,015 in interest.

The convertible notes issued by the Group have been split into the debt liability and a derivative component. The debt liability has been valued at amortised cost and the derivative component of convertible notes issued has been calculated as the residual value of the notes once the fair value of the debt has been deducted from the face value of the notes.

Key terms of the convertible notes per the Convertible Note Deed (the “Deed”) are as follows:

Term:	36 months
Drawdown date:	23 January 2019
Funds received:	AU$2,500,000
Interest payable:	6% per annum, accrued daily, capitalised quarterly
Conversion:	Convertible to fully paid ordinary shares at a $0.03 per convertible note

At 30 June 2021, the convertible note was split as follows:

	$
Host debt liability	**214,721**
Derivative reserve	**60,488**
	275,209

NOTE 21: LEASE LIABILITIES

	2021	2020
	$	$
CURRENT		
Lease liabilities	**70,616**	117,702
NON-CURRENT		
Lease liabilities	**108,292**	192,557
TOTAL LEASE LIABILITIES	**178,908**	310,259

(a) Maturity analysis

	Less than 6 months	6 months to 1 year	1 to 5 years	5+ years	Total
	$	$	$	$	$
Lease payments	64,068	23,110	120,886	-	208,064
Finance charges	(9,316)	(7,246)	(12,594)	-	(29,156)
Net present values	**54,752**	**15,864**	**108,292**	**-**	**178,908**

NOTE 22: BORROWINGS

	2021	2020
	$	$
CURRENT		
Paycheck Protection Program loan	**-**	251,770
Term loan facility	**989,723**	466,694
	989,723	718,464
NON-CURRENT		
Term loan facility	**-**	958,167
	-	958,167
TOTAL BORROWINGS	**989,723**	1,676,631

Paycheck Protection Program

In April 2020, the Group received a non-dilutive loan under the US Government's Paycheck Protection Program (PPP). The PPP is a disaster relief program in the US providing loans to small businesses for the purposes of paying for payroll, rent and utilities. These small business loans have a loan forgiveness feature that may enable the foregoing of repayment on a portion of the loan amount. The terms of this loan are:

- 1% annual interest rate;
- The loan may be forgivable if more than 60% of the funds are used to cover payroll costs over a period of 24 weeks, with the balance required to be used for rent and utilities. The forgivability of the loan will be proportionate to the level of staff retained by the employer;
- Any outstanding amounts are repayable by April 2022.

The entire amount was forgiven in the financial year ended 30 June 2021.

NOTE 22: BORROWINGS (CONT.)

Term Loan Facility

On 20 March 2020, the Group secured a term loan facility of $1,500,000 with Mitchell Asset Management Pty Ltd as a prepayment of the forecast research and development (R&D) tax incentive claim for the years ended 30 June 2020 and 30 June 2021. The terms of this loan are:

- 1.25% fixed monthly interest rate;
- On 20 November 2020 $459,779 was repaid using an R&D tax incentive claim;
- Any outstanding amounts are repayable by October 2021.

NOTE 23: ISSUED CAPITAL

	2021		2020	
	No of Shares	$	No of Shares	$
(a) Ordinary shares				
At the beginning of reporting period	**753,209,290**	**53,127,941**	695,502,228	51,500,876
Capital placement	**169,670,063**	**6,385,478**	36,363,637	1,000,000
Shares issued on conversion of options				
Shares issued on conversion of convertible notes	**-**	**-**	21,343,425	640,303
Shares issued in lieu of payments to employees	**3,158,802**	**106,652**	-	-
Cost of raising capital	**-**	**(333,405)**	-	(13,238)
Closing balance at reporting date	**926,038,155**	**59,286,666**	753,209,290	53,127,941

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	2021		2020	
	No of Rights	$	No of Rights	$
(b) Rights on Issue				
At the beginning of reporting period	**36,000,000**	**695,272**	36,000,000	230,975
Issued under Performance Rights Plan	**160,500,000**	**-**	-	-
Rights converted during the year	**-**	**-**	-	-
Rights vesting expense during the year	**-**	**898,020**	-	464,297
Closing balance at reporting date	**196,500,000**	**1,593,292**	36,000,000	695,272

Details of performance rights relating to CEO Craig Cooper are as follows (more information in Note 25):

Number of performance rights	Will vest if 30 day VWAP exceeds:	Issue Date	Expiry Date
8,000,000	$0.08	31/05/2018	30/11/2021
8,000,000	$0.12	31/05/2018	30/11/2021
4,000,000	$0.08	26/02/2019	06/03/2022
4,000,000	$0.12	26/02/2019	06/03/2022
12,000,000	$0.15	26/02/2019	06/03/2022

Details of performance rights relating to Directors that were issued with shareholder approval under the Company's Performance Rights and Options Plan are as follows (more information in Note 25):

NOTE 23: ISSUED CAPITAL (CONT.)

Number of performance rights	Will vest if share price trades at or above:	Issue Date	Expiry Date
11,000,000	$0.12	11/12/2020	11/12/2023
11,000,000	$0.15	11/12/2020	11/12/2023
24,500,000	$0.20	11/12/2020	11/12/2023
57,000,000	$0.25	11/12/2020	11/12/2023
57,000,000	$0.50	11/12/2020	11/12/2023

	2021		2020	
	No of Options	$	No of Options	$
(c) Options on Issue				
At the beginning of reporting period	**167,423,535**	**669,064**	161,307,625	786,590
Options vesting expense	**-**	**432,164**	-	147,388
Options issue to employees	**34,500,000**	**-**	1,000,000	1,298
Expired and lapsed employee options	**(5,035,000)**	**(300,736)**	(3,975,000)	(266,212)
Free attaching options (1 for 5) as attaching to placement	**16,666,666**	**-**	9,090,910	-
Closing balance at reporting date	**213,555,201**	**800,492**	167,423,535	669,064

Fair value of options granted

The weighted average assessed fair value at grant date of options granted during the year ended 30 June 2021 was 4¢ cents per option (2020: 0.7¢). The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Free attaching options
These options were provided to investors who participated in the July 2020 capital raising, where they were provided 1 option for every 5 shares with an exercise price of $0.05. The options have no value as they were not provided for any consideration or services in return.

The model inputs for options granted and accrued during the year ended 30 June 2021 included:

Grant Date	Number issued	Exercise price	Term	Share price at grant date	Share price volatility	Expected dividend yield	Risk-free interest rate
30 November 2017	2,500,000	$0.038	4 years	$0.03	60%	-	2.16%
30 June 2018	10,000,000	$0.50	3.5 years	$0.02	74%	-	2.30%
15 January 2019	15,300,000	$0.05	5 years	$0.04	89%	-	1.91%
26 February 2019	3,000,000	$0.05	5 years	$0.06	88%	-	1.74%
01 March 2020	1,000,000	$0.05	4 years	$0.02	65%	-	0.44%
15 February 2021	29,250,000	$0.08	5 years	$0.07	65%	-	0.44%
15 February 2021	4,000,000	$0.05	5 years	$0.07	65%	-	0.44%
11 June 2021	1,250,000	$0.08	5 years	$0.09	83%	-	0.70%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

NOTE 23: ISSUED CAPITAL (CONT.)

Capital Management
Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital, shares and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distribution to shareholders and share issues.

NOTE 24: RESERVES

	2021	2020
	$	$
Share-based payments reserve	**2,393,784**	1,364,336
Derivative reserve	**35,719**	35,719
Foreign currency translation reserve	**656,529**	569,493
	3,086,032	1,969,548

Share-based payments reserve
The based-payments reserve records the fair value of options and performance rights on issue.

Derivative reserve
The derivative reserve records the issue date value of the derivative financial instruments recognised in equity.

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

	Share-based payments reserve	Foreign currency translation reserve	Derivative reserve	Total
	$	$	$	$
Balance at 30 June 2019	1,017,565	471,607	124,160	1,613,332
Share based payments	612,983	-	-	612,983
Rights and options exercised / expired	(266,212)	-	-	(266,212)
Conversion of convertible notes	-	-	(88,441)	(88,441)
Other comprehensive loss	-	97,886	-	97,886
Balance at 30 June 2020	**1,364,336**	**569,493**	**35,719**	**1,969,548**
Share based payments	**1,330,184**	**-**	**-**	**1,330,184**
Rights and options exercised / expired	**(300,736)**	**-**	**-**	**(300,736)**
Other comprehensive loss	**-**	**87,036**	**-**	**87,036**
Balance at 30 June 2021	**2,393,784**	**656,529**	**35,719**	**3,086,032**

NOTE 25: SHARE BASED PAYMENTS

(a) Employee Share Option Plan (ESOP)

The CardieX Employee Option Plan was approved by shareholders at the 2005 annual general meeting and amendments were approved at the 2006 & 2008 annual general meetings. All staff are eligible to participate in the plan at the discretion of the directors (including executive directors) following recommendations from the remuneration committee, a sub-committee of the CardieX Limited Board of Directors.

Options are granted under the plan for no consideration. Options are granted for a 5-year period, with vesting conditions over 3 years from the date of grant.

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into 1 ordinary share.

The exercise price of options is no less than the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the 5 trading days immediately before the options are granted.

Set out below are summaries of options granted under the plan:

2021:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired/ Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
20-Aug-15	20-Aug-20	$0.256	1,535,000	-	-	(1,535,000)	-	-
13-Nov-15	13-Nov-20	$0.250	1,000,000	-	-	(1,000,000)	-	-
15-Jan-19	15-Jan-24	$0.050	14,300,000	-	-	-	14,300,000	7,683,334
01-Mar-20	01-Mar-25	$0.050	1,000,000	-	-	-	1,000,000	333,333
15-Feb-21	15-Feb-26	$0.080		29,250,000	-	(2,416,667)	26,833,333	2,312,500
15-Feb-21	15-Feb-26	$0.050	-	4,000,000	-	-	4,000,000	333,333
11-Jun-21	11-Jun-26	$0.080	-	1,250,000	-	-	1,250,000	-
Total			**17,835,000**	**34,500,000**	**-**	**(4,951,667)**	**47,383,333**	**10,662,500**
Weighted average exercise price			$0.079	$0.077	-	$0.169	$0.068	$0.057

2,416,667 options were forfeited during 2021 due to terminating employment, (2020: 1,000,000) and 2,535,000 options expired (2020: 2,975,000) in the same period. No options were exercised during 2021 (2020: NIL).

NOTE 25: SHARE BASED PAYMENTS (CONT.)

2020:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired/ Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
28-Aug-14	28-Aug-19	$0.112	975,000	-	-	(975,000)	-	-
20-Aug-15	20-Aug-20	$0.256	1,535,000	-	-	-	1,535,000	1,535,000
13-Nov-15	13-Nov-19	$0.261	2,000,000	-	-	(2,000,000)	-	-
13-Nov-15	13-Nov-20	$0.250	1,000,000	-	-	-	1,000,000	1,000,000
15-Jan-19	15-Jan-24	$0.050	15,300,000	-	-	(1,000,000)	14,300,000	6,100,000
01-Mar-20	01-Mar-25	$0.050	-	1,000,000	-	-	1,000,000	-
Total			20,810,000	1,000,000	-	(3,975,000)	17,835,000	8,635,000
Weighted average exercise price			$0.098	$0.050	-	$0.171	$0.079	$0.110

(b) Performance rights

The CardieX Option and Performance Rights Plan (approved by shareholders at the extraordinary general meeting held on 28 May 2018):

Number of performance rights	Will vest if 30 day VWAP exceeds:	Issue Date	Expiry Date
8,000,000	$0.08	31/05/2018	30/11/2021
8,000,000	$0.12	31/05/2018	30/11/2021
4,000,000	$0.08	26/02/2019	06/03/2022
4,000,000	$0.12	26/02/2019	06/03/2022
12,000,000	$0.15	26/02/2019	06/03/2022

Details of performance rights relating to Directors that were issued with shareholder approval on 11 December 2020 under the Company's Performance Rights and Options Plan are as follows:

Number of performance rights	Will vest if share price trades at or above:	Issue Date	Expiry Date
11,000,000	$0.12	11/12/2020	11/12/2023
11,000,000	$0.15	11/12/2020	11/12/2023
24,500,000	$0.20	11/12/2020	11/12/2023
57,000,000	$0.25	11/12/2020	11/12/2023
57,000,000	$0.50	11/12/2020	11/12/2023

(a) the fair value of the Performance Rights is based upon the price of CDX at issue date and adjusted for the probability of their performance milestones being achieved. The value of the Performance Rights, together with the probability of milestones being achieved is assessed by the Directors at least annually.

(b) the Performance Rights will be issued for no consideration if they vest and are exercised, the resulting Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares.

(c) no individual has previously received securities under this scheme as this is the first time the Company has proposed an issue of securities under the Scheme; and

(d) no loans or other financial assistance have or will be made by the Company in connection with the issue of the relevant Performance Rights.

NOTE 25: SHARE BASED PAYMENTS (CONT.)

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2021	2020
	$	$
Rights issued under Option and Performance Rights Plan	**898,020**	464,297
Options issued under Employee Share Option Plan	**432,164**	148,686
Shares issued in lieu of payments to employees	**76,652**	
	1,406,836	612,983

NOTE 26: ACCUMULATED LOSSES

	2021	2020
	$	$
Opening balance at 1 July	**(49,217,488)**	(46,163,273)
Losses for the year	**(5,545,597)**	(3,320,427)
Transfer from share-based payments reserve	**300,736**	266,212
Closing balance at 30 June	**(54,462,349)**	(49,217,488)

NOTE 27: CASH FLOW INFORMATION

	2021	2020
	$	$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	**(5,545,597)**	(3,320,427)
Non-cash flows in profit:		
Depreciation and amortisation	**255,693**	220,152
Share based payments expense	**1,406,836**	612,983
Bad debts expense	**41,911**	68,936
Interest income on convertible notes	**(255,762)**	(291,128)
Loss on forgiveness of debt	**338,373**	-
Unrealised foreign exchange difference	**562,547**	136,486
Interest expense	**80,244**	100,102
Changes in current assets and liabilities:		
Decrease / (increase) in trade and other receivables	**(26,135)**	(15,951)
(Increase) / decrease in inventories	**(184,547)**	(40,749)
Increase / (decrease) in trade and other payables	**349,736**	191,341
Increase / (decrease) in unearned revenue	**(1,094,680)**	662,977
Increase / (decrease) in provisions	**82,246**	(23,573)
Net cash used in operating activities	**(3,989,135)**	(1,698,851)

NOTE 28: NON-CASH INVESTING AND FINANCING ACTIVITIES

	Lease liabilities	Convertible note liabilities	Borrowings	Total
	$	$		$
Balance at 1 July 2019	403,725	778,202	-	1,181,927
Changes in liabilities from cash financing activities				
Net cash from/(used in) financing activities	(142,738)	-	1,673,770	1,531,032
Changes in liabilities from non-cash financing activities				
Interest charges	44,676	51,560	2,861	99,097
Foreign exchange	4,596	-	-	4,596
Converted to shares	-	(580,315)	-	(580,315)
Balance at 30 June 2020	310,259	249,447	1,676,631	2,236,337

	Lease liabilities	Convertible note liabilities	Borrowings	Total
	$	$		$
Balance at 1 July 2020	**310,259**	**249,447**	**1,676,631**	**2,236,337**
Changes in liabilities from cash financing activities				
Net cash from/(used in) financing activities	**(144,977)**	**-**	**(459,778)**	**(604,755)**
Changes in liabilities from non-cash financing activities				
Interest charges	**29,853**	**25,762**	**26,732**	**82,347**
Foreign exchange	**(16,227)**		**(20,383)**	**(36,610)**
Loan forgiveness	**-**	**-**	**(233,479)**	**(233,479)**
Balance at 30 June 2021	**178,908**	**275,209**	**989,723**	**1,443,840**

NOTE 29: CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

The group's objectives when managing the Company's share capital, reserves and accumulated losses, which represents the group's capital, are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- sustain future product development.

NOTE 29: CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT.)

Financial risk management
The Group's activities expose it to a variety of financial risks: market risk (primarily currency risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange risk and aging analysis for credit risk.

Financial risk management is carried out by the Chief Financial Officer (CFO) and overseen by the Audit & Risk Committee, a subcommittee of the Board of Directors.

(a) Market risk

Foreign exchange risk
Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.
The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the US Dollar and the Euro.

The Group's exposure to foreign currency exchange risk at the reporting date was as follows:

	30 June 2021		30 June 2020	
	In USD	**In EUR**	In USD	In EUR
Cash and Cash Equivalents	**247,898**	**269,639**	785,161	101,153
Trade Receivables	**326,133**	**80,933**	541,829	43,971
Trade Payables	**(326,477)**	**-**	(244,354)	(5,685)

Sensitivity
Based on the financial instruments held at 30 June 2021, had the Australian dollar weakened/strengthened by **10%** against the US dollar with all other variables held constant, the Group's pre-tax result for the year would have varied by $29,935/($32,928) (2020: $143,409/($157,750)). Had the Australian dollar weakened/strengthened by 10% against the Euro with all other variables held constant, the Group's pre-tax result for the year would have varied by $52,152/($57,367) (2020: $20,743/($22,818)).

(b) Credit risk
Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group has no significant concentrations of credit risk. For banks and financial institutions, only independently rated and reputable parties are accepted. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Terms of trade provided to creditworthy customers are between 30 and 90 days, whilst customers deemed higher risk arrange a letter of credit or prepay for goods. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(d) Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk.

NOTE 29: CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT.)

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities approximates their carrying values.

NOTE 30: SEGMENT REPORTING

(a) Description of segments

In the 2020 financial year, the Group operated in one operating segment, being sales of cardiovascular devices and services to hospitals, clinics, research institutions and pharmaceutical companies.

Management has determined the reporting segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board generally considers the business from a geographical perspective and has identified three reportable segments by geographic area.

Geographic areas are:

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

(b) Segmental information provided to the Board

2021	**Americas**	**Europe**	**Asia Pacific**	**Inter-segment eliminations/ unallocated**	**Consolidated**
	$	$	$	$	$
Sales to external customers	**4,217,518**	**389,153**	**394,463**	**-**	**5,001,134**
Intersegment sales	**-**	**-**	**1,298,159**	**(1,298,159)**	**-**
Total sales revenue	**4,217,518**	**389,153**	**1,692,622**	**(1,298,159)**	**5,001,134**
Interest revenue	**-**	**-**	**256,490**	**-**	**256,490**
Total segment revenue/income	**4,217,518**	**389,153**	**1,949,112**	**(1,298,159)**	**5,257,624**
Segment result	**77,160**	**281,764**	**(5,351,440)**	**(553,081)**	**(5,545,597)**
Unallocated revenue less unallocated expenses					-
Loss before income tax					**(5,545,597)**
Income tax expense					**-**
Loss for the year					**(5,545,597)**
Segment assets	**12,435,649**	**-**	**58,932,622**	**(60,104,091)**	**11,264,180**
Segment liabilities	**30,010,191**	**-**	**49,451,769**	**(76,108,129)**	**3,353,831**

NOTE 30: SEGMENT REPORTING (CONT.)

2020	Americas	Europe	Asia Pacific	Inter-segment eliminations/ unallocated	Consolidated
	$	$	$	$	$
Sales to external customers	3,371,835	426,878	493,839	-	4,292,552
Intersegment sales	202,471	-	1,233,785	(1,436,256)	-
Total sales revenue	3,574,306	426,878	1,727,624	(1,436,256)	4,292,552
Interest revenue	-	-	324,112	-	324,112
Total segment revenue/income	3,574,306	426,878	2,051,736	(1,436,256)	4,616,664
Segment result	(1,962,035)	243,800	(1,465,254)	(136,938)	(3,320,427)
Unallocated revenue less unallocated expenses					-
Loss before income tax					(3,320,427)
Income tax expense					-
Loss for the year					(3,320,427)
Segment assets	14,816,680	-	55,328,046	(59,469,450)	10,675,276
Segment liabilities	34,152,482	-	48,266,740	(77,623,947)	4,795,275

(c) Notes to and forming part of the segment information

Inter-segment transfers
Segment revenues, expenses and results include transfers between segments. The group transfer inventory and finished goods between its group companies. Such transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

Segment revenue
There was no significant concentration of revenue attributable to one customer in 2020 (2019: $NIL).

(d) Disaggregation of revenue

Revenue is disaggregated by the country in which the customer is located as this depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

2021	Americas	Europe	Asia Pacific	Consolidated
	$	$	$	$
Sale of goods	1,384,385	383,492	336,305	2,104,182
Lease income	2,165120	-	-	2,165,120
Service income	591,408	1,384	2,770	595,562
Freight income	76,605	4,277	792	81,674
Royalty income	-	-	54,596	54,596
Total sales revenue	4,217,518	389,153	394,463	5,001,134
Other revenue/income	-	-	256,490	256,490
Total revenue/income	4,217,518	389,153	650,953	5,257,624

NOTE 30: SEGMENT REPORTING (CONT.)

2020	**Americas**	**Europe**	**Asia Pacific**	**Consolidated**
	$	$	$	$
Sale of goods	1,126,516	417,025	352,043	1,895,584
Lease income	1,495,974	-	-	1,495,974
Service income	622,137	6,574	3,388	632,099
Freight income	127,208	3,279	1,744	132,231
Royalty income	-	-	136,664	136,664
Total sales revenue	3,371,835	426,878	493,839	4,292,552
Other revenue/income	-	-	324,112	324,112
Total revenue/income	**3,371,835**	**426,878**	**817,951**	**4,616,664**

NOTE 31: RELATED PARTY TRANSACTIONS

Subsidiaries
The group's principal subsidiaries at 30 June 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	**Country of incorporation**	**Percentage owned**	
		2021	**2020**
AtCor Medical Pty Ltd	Australia	**100%**	100%
AtCor Medical, Inc. (Delaware C Corp)	USA	**100%**	100%
CardieX (Shanghai) Medical Technology Co., Ltd.	China	**100%**	100%
Conneqt Inc (Incorporated on 27 April 2021)	USA	**100%**	-

Key Management Personnel Compensation

	Salary and directors fees	**Share Based Payment Benefits**	**Total**
	$	**$**	**$**
2021			
Niall Cairns	**204,000**	**247,611**	**451,611**
King Nelson	**36,697**	**15,295**	**51,992**
Craig Cooper	**528,953**	**545,759**	**1,074,712**
Jarrod White	**102,000**	**96,507**	**198,507**
Total Compensation	**871,650**	**905,172**	**1,776,822**

NOTE 31: RELATED PARTY TRANSACTIONS (CONT.)

	Salary and directors fees	Share Based Payment Benefits	Total
2020	**$**	**$**	**$**
Niall Cairns	179,000	-	179,000
King Nelson	40,103	-	40,103
Craig Cooper	446,828	464,297	911,125
Jarrod White[1]	8,129	857	8,986
Total Compensation	**674,060**	**465,154**	**1,139,214**

1. Appointed as key management personnel on 21 May 2020.

Shares Held by Key Management Personnel and Their Associates

	Balance 01 July 2020	Additions	Balance 30 June 2021
Niall Cairns	**153,960,192**	**19,881,818[2]**	**173,842,010**
King Nelson	**153,846**	**-**	**153,846**
Craig Cooper	**158,960,192**	**18,281,818[2]**	**177,242,010**
Jarrod White	**3,257,577**	**1,600,000**	**4,857,577**
Total	**316,331,807**	**39,763,636**	**356,095,443**

2. A total of 18,281,818 shares acquired by Mr Cairns and Mr Cooper in the year are indirectly held by C2 Ventures, in which Mr Cairns and Mr Cooper are directors. These shares are subject to the Restriction Agreement and Deed of Undertaking as approved by members at the Extraordinary General Meeting held on 28 May 2018.

Niall Cairns	**153,960,192**	**19,881,818[2]**	**173,842,010**
King Nelson	**153,846**	**-**	**153,846**
Craig Cooper	**158,960,192**	**18,281,818[2]**	**177,242,010**
Jarrod White	**3,257,577**	**1,600,000**	**4,857,577**
Total	**316,331,807**	**39,763,636**	**356,095,443**
Niall Cairns	132,616,769	21,343,423[1]	153,960,192
King Nelson	153,846	-	153,846
Craig Cooper	137,616,769	21,343,423[1]	158,960,192
Jarrod White	-	3,257,577[2]	3,257,577
Total	**270,387,384**	**45,944,423**	**316,331,807**

3. A total of 21,343,423 shares acquired by Mr Cairns and Mr Cooper in the year are indirectly held by C2 Ventures, an entity in which Mr Cairns and Mr Cooper are directors. These shares are subject to the Restriction Agreement and Deed of Undertaking as approved by members at the Extraordinary General Meeting held on 28 May 2018.
4. Shares held at appointment date of 21 May 2020.

NOTE 31: RELATED PARTY TRANSACTIONS (CONT.)

Options Held by Key Management Personnel and Their Associates

	Balance 01 July 2020	Expired	Additions	Balance 30 June 2021
Niall Cairns	**39,000,000[1]**	**-**	**4,420,455**	**43,420,455[1]**
King Nelson	**1,500,000**	**-**	**-**	**1,500,000**
Craig Cooper	**37,500,000[1]**	**-**	**4,420,455**	**41,920,455[1]**
Jarrod White	**1,897,728**	**-**	**-**	**1,897,728**
Total	**79,897,728**	**-**	**8,840,910**	**88,738,638**

1. Directors Mr Cairns and Mr Cooper hold 41,920,455 options indirectly through C2 Ventures Pty Limited, of which they are both directors.

	Balance 30 June 2020	Expired	Additions	Balance 30 June 2021
Niall Cairns	39,000,000	-	-	39,000,000[4]
King Nelson	1,950,000	(450,000)	-	1,500,000
Craig Cooper	37,500,000	-	-	37,500,000[4]
Jarrod White	-	-	1,897,728[3]	1,897,728
Total	**78,450,000**	**(450,000)**	**1,897,728**	**79,897,728**

2. Options held at appointment date of 21 May 2020.
3. Directors Mr Cairns and Mr Cooper hold 37,500,000 options indirectly through C2 Ventures Pty Limited, of which they are both directors.

Performance Rights Held Key Management Personnel and Their Associates

Mr Craig Cooper holds 36 million performance rights which vest subject to a set of Milestones as follows:

	Number of performance rights	Will vest if 30 Day VWAP exceeds:	Expiry Date of Performance Milestone
Tranche 2	8,000,000	$0.08	30/11/2021
Tranche 3	8,000,000	$0.12	30/11/2021
Tranche 4	4,000,000	$0.08	06/03/2022
Tranche 5	4,000,000	$0.12	06/03/2022
Tranche 6	12,000,000	$0.15	06/03/2022

On 11 December 2020 shareholders approved the issue of performance rights to be issued to the Directors under the Company's Performance Rights and Option Plan. These performance rights total 160,500,000 and expire on 11 December 2023. The terms of the Director rights on issue are as follows:

Tranche	Number of performance rights	Will vest if share price trades at or above:	Expiry Date of Performance Milestone
Tranche 1	11,000,000	$0.12	11/12/2023
Tranche 2	11,000,000	$0.15	11/12/2023
Tranche 3	24,500,000	$0.20	11/12/2023
Tranche 4	57,000,000	$0.25	11/12/2023
Tranche 5	57,000,000	$0.50	11/12/2023

NOTE 31: RELATED PARTY TRANSACTIONS (CONT.)

	Balance 01 July 2020	Expired	Additions	Balance 30 June 2021
Niall Cairns	-	-	68,000,000	68,000,000
King Nelson	-	-	3,500,000	3,500,000
Craig Cooper	36,000,000	-	68,000,000	104,000,000
Jarrod White	-	-	21,000,000	21,000,000
Total	**-**	**-**	**160,500,000**	**196,500,000**

	Balance 01 July 2019	Expired	Additions	Balance 30 June 2020
Craig Cooper	36,000,000	-	-	36,000,000
Total	**36,000,000**	**-**	**-**	**36,000,000**

Employment Agreements

Remuneration and other terms of employment for the CEO and the other key management personnel are formalised in employment agreements. Each of these agreements provide for the provision of performance related cash bonuses, other benefits including health insurance and car allowances, and participation, when eligible, in the Cardiex Limited Employee Share Option Plan. Other major provisions of the agreements relating to remuneration are set out below.

All contracts with executives may be terminated early by either party with variable notice periods, subject to termination payments as detailed below.

Craig Cooper – Chief Executive Officer

- Agreement commenced on 1 December 2017.
- Base salary of US$300,000 per annum.
- Bonuses to be paid at discretion of the Group based on performance reviews.
- Reimbursement for reasonable expenses incurred in running the US business, paid on a monthly basis.

Niall Cairns – Non-Executive Director

- Current agreement commenced with an effective date of 1 August 2019.
- Monthly consulting fee for strategic review and consulting services of US$10,000 per month.
- Reimbursement for reasonable expenses incurred.

King Nelson – Non-Executive Director

- Current agreement commenced with an effective date of 13 November 2015.
- Base salary of AU$40,000 per annum.

Jarrod White – Director

- Jarrod White is the principal of Traverse Accountants Pty Ltd, who holds an engagement with the Group covering CFO services, Company Secretarial services, and other general accountancy services;
- Mr White has received Directors Fees from 1 July 2020 for $30,000 per annum in addition to the arms' length services paid to Traverse Accountants Pty Ltd.

NOTE 31: RELATED PARTY TRANSACTIONS (CONT.)

Convertible Notes Issued to Directors and Their Associates

In January 2019, C2 Ventures Pty Ltd, a related party Mr Niall Cairns and Mr Craig Cooper, applied to the Company for 2,500,000 convertible notes at $1 per note. Key terms of the convertible notes per the Convertible Note Deed (the "Deed") are as follows:

Term:	36 months
Drawdown date:	23 January 2019
Funds received:	AU$2,500,000
Interest payable:	6% per annum, accrued daily, capitalised quarterly
Conversion:	Convertible to fully paid ordinary shares at a $0.03 per convertible note

On 6 March 2019, 1,638,503 convertible notes were converted to ordinary shares, and a further 640,303 notes were converted on 21 November 2019, all at $0.03 per share per $1 convertible note.

The balance of the facility subject to conversion as at balance date was $221,194 representing 221,194 convertible notes.

Loans to Directors and Key Management Personnel

At 30 June 2021 there were no loans to Directors or Key Management Personnel.

NOTE 32: MATTERS SUBSEQUENT TO YEAR END

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

- On 24 August 2021, CardieX announced that all Directors who hold CDXO and other options expiring 30 November 2021 intend to exercise their options before the expiry to the full capacity allowed within compliance with the Corporations Act 2001.
- On 25 August 2021, AtCor Medical Inc, a CardieX Limited subsidiary, entered into a new amended contract for the lease of ATCOR devices and the provision of expanded data management services for Bayer's "CONCORD" trial. The extension of the contract is valued at US$495k.

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

NOTE 33: PARENT ENTITY DISCLOSURES

	2021	2020
	$	$
Financial position		
Assets		
Total current assets	**4,993,724**	1,189,510
Total assets	**27,730,131**	24,682,605
Liabilities		
Total current liabilities	**1,560,076**	1,037,161
Total liabilities	**12,173,311**	13,480,371
Equity		
Contributed equity	**65,743,956**	59,585,230
Reserves	**2,429,503**	1,400,055
Accumulated losses	**(52,616,639)**	(49,783,051)
Total equity	**15,556,820**	11,202,234
Financial performance		
Loss for the year	**(3,134,324)**	(1,495,352)
Other comprehensive income	**-**	-
Total comprehensive loss	**(3,134,324)**	(1,495,352)

(a) Explanation of loss in 2021 Financial Year

The increase in loss in the parent entity is primarily due to an increase in share based payments and foreign exchange loss for the Group.

(b) Guarantees entered into by the parent entity

No guarantees have been entered into by the parent entity during 2021 or 2020.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2021 or 30 June 2020.

NOTE 34: CAPITAL COMMITMENTS

(a) Operating lease payable commitments

	2021	2020
	$	$
Total lease expenditure contracted at reporting date but not recognised in the financial statements		
Payable no later than one year	**3,948**	3,948
Payable later than one, not later than five years	**5,922**	9,870
Total lease expenditure payable	**9,870**	13,818

NOTE 34: CAPITAL COMMITMENTS (CONT.)

Leases fall under AASB 16 and are presented in Note 21. Operating leases in the comparative period reflect lease disclosures under AABS 117. In the current year the Group has no short-term lease commitments, and one low-value lease commitment. Operating lease commitments includes contracted amounts for various offices and plant and equipment under non-cancellable operating leases expiring within one to five years with, in some cases, options to extend. The leases have various clauses. On renewal, the terms of the leases are renegotiated.

(b) Other capital commitments

There were no other capital commitments as at 30 June 2021.

NOTE 35: COMPANY DETAILS

The registered office of the Company is:

CardieX Limited
Suite 303, Level 3
15 Lime Street
Sydney NSW 2000

The principal place of business is:

CardieX Limited
Suite 303, Level 3
15 Lime Street
Sydney NSW 2000

CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 20 to 66, are in accordance with the *Corporations Act 2001* and:
    a. comply with Accounting Standards and the Corporations Regulations 2001; and
    b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Company and Consolidated Group.
2. the Company has included in note 1 to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards;
3. the Directors have been given the declaration required by Section 295A of the Corporations Act from the Chief Executive Officer for the financial year ended 30 June 2021;
4. in the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
5. the remuneration disclosures included on pages 14 to 18 of the Directors' Report (as part of the Audited Remuneration Report) for the year ended 30 June 2021, comply with section 300A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

Niall Cairns
Executive Chairman
Sydney, 30 September 2021

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of CardieX Limited

Report on the Audit of the Financial Report

Qualified opinion

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

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

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

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for qualified opinion

The Group's financial assets are carried at $4,783,092 on the consolidated statement of financial position as at 30 June 2021. As per Note 18 to the financial report, the majority of this balance relates to investments in convertible notes. We were unable to obtain sufficient appropriate audit evidence about the carrying value of these investments, due to the investees being at the development stage. Consequently we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Except for the matters described in the *Basis for Qualified Opinion* section and *Material uncertainty related to going concern* section, we have determined that there are no other key audit matters to communicate in our report.

Other information

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

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 18 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of CardieX Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Grant Saxon
Director

Sydney, 30 September 2021

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below.

Distribution Schedule of Equity Securities as at 28 September 2021

Spread of Holdings	No. of Holders	Shares
100,001 and Over	777	871,109,989
10,001 to 100,000	1,242	52,709,380
5,001 to 10,000	278	2,232,852
1,001 to 5,000	120	428,122
1 to 1,000	74	9,354
Total	**2,491**	**926,489,697**

Unmarketable parcels
There were 334 shareholders holding less than a marketable parcel totalling 1,356,802 shares as at 28 September 2021.

Top 20 Holdings as at 28 September 2021

Holder Name	Balance at 28 Sep 2021	%
C2 VENTURES PTY LIMITED	177,242,010	19.13
MR PAUL COZZI	86,736,030	9.36
MR PAUL JOSEPH COZZI	32,155,435	3.47
MR DARRYL PATTERSON & MRS MARGARET STEWART PATTERSON	21,489,702	2.32
CITICORP NOMINEES PTY LIMITED	16,494,276	1.78
CB CO PTY LTD	15,470,000	1.67
BNP PARIBAS NOMINEES PTY LTD	14,565,559	1.57
MR HENDRIK HARTMANN & MS JIN KI PARK	11,524,109	1.24
MRS GLENIS NITA O'DONNELL	9,020,100	0.97
DRUMNADROCHIT FUTURES PTY LTD	8,756,086	0.95
MR PHILIP WAYNE RIECK	7,075,170	0.76
MR DONALD O'DWYER & MRS JUDITH O'DWYER	6,594,902	0.71
PEHILA PTY LTD	5,896,951	0.64
PROF MICHAEL FRANCIS O'ROURKE	5,670,370	0.61
MR JAMES O'ROURKE & MS ROZLYN GAY SCOTNEY	5,662,711	0.61
MR JON PHILIPPE WEBSTER	5,648,150	0.61
DUNDRUM INVESTMENTS PTY LTD	5,550,000	0.60
MR PETER PLAUCS	5,500,000	0.59
MR PAWEL REJ & MRS MIROSLAWA REJ	5,090,901	0.55
TRAVERSE ACCOUNTANTS PTY LTD	4,857,577	0.52
TOTAL	**451,000,039**	**48.68**

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act 2001 are:

Holder Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
C2 VENTURES PTY LIMITED	177,242,010	19.13
PAUL COZZI	118,891,465	12.83

The name of the Company Secretary is:

Jarrod Travers White

Registered Office and Principal Place of Business

Suite 303, Level 3

15 Lime Street

Sydney NSW 2000

Telephone: (02) 9874 8761

Email: info@CardieX.com
Website: www.CardieX.com