

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

CardieX Limited

ABN

81 113 252 234

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		799	3,909
1.2 Payments for			
(a) research and development		(778)	(2,806)
(b) product manufacturing and operating costs		(749)	(1,442)
(c) advertising and marketing		(307)	(723)
(d) leased assets		(63)	(201)
(e) staff costs		(2,634)	(6,987)
(f) administration and corporate costs		(1,136)	(1,933)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	-
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(4,868)	(10,183)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(16)	(40)
(d) investments		-	-
(e) intellectual property		-	(23)
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(16)	(63)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,990	9,912
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(268)	(535)
3.5	Proceeds from borrowings	-	800
3.6	Repayment of borrowings	-	(67)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,722	10,110

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,482	1,456
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,868)	(10,183)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16)	(63)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,722	10,110
4.5	Effect of movement in exchange rates on cash held	(38)	(38)
4.6	Cash and cash equivalents at end of period	1,282	1,282

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,282	2,482
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,282	2,482

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	289
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	2,174	2,174
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	2,174	2,174
7.5	Unused financing facilities available at quarter end		-
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p><i>On 24 March 2022, the Company entered into a new term loan facility of \$1,294,125, secured against future R&D refunds to be received by the Company and its wholly owned subsidiary AtCor Medical Pty Ltd. The facility is a prepayment of forecasted R&D tax incentive claim for the year ended 30 June 2022, with a termination date of 31 October 2022. Currently the facility attracts interest at 1% per calendar month (12%pa). Subsequent to the end of the quarter the Company negotiated terms for an extension to the term loan facility and will shortly release an announcement to market confirming the below indicative terms substantially negotiated with the lender:</i></p> <ul style="list-style-type: none"> <i>Expiry of facility: 31/12/23;</i> <i>Interest rate: 1.33% per calendar month (16%p.a) effective from 01/11/22;</i> <i>CardieX's full 2022 R&D tax incentive refund of \$725k was applied to the loan balance post quarter end;</i> <i>The remaining balance can be::</i> <ul style="list-style-type: none"> <i>Paid out in cash with no interest or fees payable under the current facility terms following the month end of the FY2022 R&D payout; or</i> <i>Secured against the Company's FY2023 R&D refund and paid on or before the end of the extended facility term of 31/12/23.</i> <p><i>In December 2022, wholly owned subsidiary Atcor Medical Pty Ltd entered into a short-term working capital loan facility for up to \$880,000, to support product and development expansion initiatives. Key terms of the facility are:</i></p> <ul style="list-style-type: none"> <i>Expiry of facility: 30/10/23;</i> <i>Facility limit: \$880,000;</i> <i>Interest rate: 1.33% per calendar month (16%p.a).</i> 		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(4,868)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,282
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,282
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.26
	<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>	

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

Yes, although the Company notes that the net cash operating outflows were likely higher in the March quarter as a result of a lower than anticipated run rate of cash receipts in the current June quarter. Additionally the Company notes the receipt of its R&D income tax offset subsequent to the end of the quarter which will further reduce its net operating cash outflows. The R&D refund ~\$725k was applied against the debt facility owed to Mitchell Asset Management and the outstanding amount of that facility at the date of reporting (subsequent to the end of the quarter) is ~\$1.449m.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Yes. As should be read in conjunction with the March Quarterly Activities Report, the Company is in the process of advancing a potential U.S dual listing and associated capital raising.

This capital raising will require shareholder approval at an Extraordinary General Meeting which the Company anticipates being held over the coming months (subject to receiving regulatory approvals). The Company will also be putting forward resolutions to refresh its shareholder capacity pursuant to LR7.1 and LR7.1A which will provide added flexibility to the Company in additional funding capacity.

The Company will also be seeking to utilise and is in discussions with its lender to potentially extend and broaden the capacity of its debt facility(s).

The Company has a demonstrated ability to raise both debt and equity capital to fund its operations as and when needed.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes. The Directors believe that if required, the Company has the ability to raise additional capital on a timely basis and has a proven capability of doing so.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 April 2023

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.