



ASX ANNOUNCEMENT

20 November 2023

Finance Facility and Creditor Restructure Update

Highlights:

- **Mitchell Asset Management (“MAM”) extends loan expiration of R&D Facility and Working Capital Facility beyond current calendar year.**
- **Progress in claim of ~\$750k Research and Development Tax Incentive Grant for the 2023 year which will be used to repay MAM facility.**
- **Largest single creditor Wilson Sonsini Goodrich & Rosati (“WSGR”) provides signed credit note and waiver to fees of over \$1,000,000.**
- **Further financial accommodation by WSGR through promissory note and payment terms for majority of US listing related costs.**
- **Overall restructure represents significant balance sheet improvement in conjunction with recently announced Funding Commitment Agreement (“FCA”) with C2 Ventures for up to \$7.5m.**

CardieX Limited (ASX: CDX) (**CardieX**, the **Company**) is pleased to provide an update as to further progress made in the extension and restructure of its debt facilities and largest creditor.

Mitchell Asset Management Loan Facilities

The Company has two debt facilities with Mitchell Asset Management (“MAM”) as have been previously reported in the Company’s announcements. These facilities are summarized below:

R&D Facility

On 24 March 2022, the Company entered into a new term loan facility which was secured against future R&D refunds to be received by the Company and its wholly owned subsidiary AtCor Medical Pty Ltd.

This facility currently has approximately \$595,000 in principal outstanding following reductions in recent periods following the receipt of the FY2022 R&D tax incentive. The original maturity date of this facility was 31 December 2023.

In conjunction with the finalisation of the restructure of the Company’s capital structure MAM have now extended the maturity/expiry date of this facility to 31 March 2024. This will provide the Company ample time to finalise its R&D Tax Incentive registration and lodgement for the 2023 financial year which is anticipated to exceed the value of this facility and provide for repayment of the principal in full.



There are no changes to the previously announced interest rates or other payment arrangements of the R&D facility at this time.

Working Capital Facility

In December 2022 the Company's wholly owned subsidiary AtCor Medical Pty Ltd entered into a short-term working capital facility for up to \$880,000, to support product development initiatives. This facility had a 10-month expiry limit which was due to expire on 30 October 2023.

In conjunction with the finalisation of the restructure of the Company's capital structure MAM have extended the maturity/expiry date of this facility to 31 October 2024. This will provide the Company ample time to finalise its R&D Tax Incentive registration and lodgement for the 2023 and 2024 financial years.

As noted above it is anticipated that the R&D refund for the current 2023 year is anticipated to exceed the value of the outstanding R&D facility. Any excess R&D refund that is available following the repayment of the R&D facility would be then applied toward the working capital facility.

The extension of the MAM Working Capital Facility through to 31 October 2024 provides the opportunity for the Company to lodge its FY2024 R&D Tax Incentive, which based on prior lodgement history (noting FY2022 was a ~\$725,000 refund), would allow the Company to repay all of the MAM facilities within their revised expiry/maturity dates.

There are no changes to the previously announced interest rates or other payment arrangements of the Working Capital Facility at this time.

Current 2023 R&D Tax Incentive Registration and Lodgement

The Company has been working with its professional advisors to register and lodge its 2023 R&D Tax Incentive Registration over the coming months. Whilst the current amount of the R&D Tax Incentive is yet to be finalized, the registration has been sufficiently progressed for the Company to be confident that the 2023 claim will exceed the FY2022 claim of \$725,000.

The Company's finance team is prioritizing the lodgment and receipt of the 2023 claim to discharge the MAM R&D facility of \$595,000 before its revised expiry/maturity date of 31 March 2024 and to ensure that any excess is then applied to the MAM working capital facility to decrease funding costs and refresh the Company's access to credit lines and facilities.

Creditors from Nasdaq Listing Process and Promissory Note with WSGR

Given the overall confidence in the Company's application process for a Nasdaq listing (having received both a cleared F-1 registration statement from the SEC and approval from the Nasdaq to list) many of the service providers that had assisted the Company during the proposed listing deferred payment of their fees until the Company had successfully completed its IPO and related capital raising.

As previously announced the Company withdrew its F-1 registration statement with the SEC on 26 September 2023. Following this withdrawal, the Company has been working with its US listing related creditors to seek reductions in amounts owed or otherwise a forbearance on payment terms given that the listing did not ultimately proceed.



The primary creditor to the US Listing process was the Company's US legal counsel Wilson Sonsini Goodrich & Rosati, Professional Corporation ("WSGR") who originally rendered fees of over US\$2,230,000 (AU\$3,515,000). CardieX notes that these fees are consistent with legal costs for a US IPO of the size that the Company was pursuing at the time of lodgement of the F-1 and application to the Nasdaq.

The Company is pleased to announce that following recent negotiations, WSGR has provided a credit offset of US\$731,000 (AU\$1,142,200) and reduced the outstanding fees owed by CardieX to a total of US\$1,500,000 (AU\$2,344,000). In addition, WSGR has provided the Company with long dated repayment terms to enable CardieX to continue progressing its wider business and product development plans with reduced impact on its immediate working capital requirements.

The reduced sum outstanding of US\$1,500,000 (AU\$2,344,000) has been satisfied by CardieX entering into a Promissory Note arrangement with WSGR for the principal sum of US\$1,500,000. This amount reflects the balance owing of US legal fees in relation to the US listing, post a credit received of US\$731,000. The material terms are as follows:

- total principal of US\$1,500,000;
- interest rate of 5.5%; and
- repayable on the earliest of:
 - (i) 20 April 2025;
 - (ii) the closing of a debt or equity financing of CardieX after 1 January 2024, the gross proceeds of which equal or exceeds US\$6,000,000;
 - (iii) the closing of a change of control transaction;
 - (iv) the Company becomes cash flow positive and is in a position to make payment of the outstanding invoices; or
 - (v) upon the occurrence of an Event of Default.

The Company believes that the positive debt and creditor restructuring that has been achieved with MAM and WSGR, together with the recently signed Funding Commitment Agreement with C2 Ventures Pty Ltd, provide a material step in bolstering the Company's working capital position in contemplation of the previously announced Capital Raising Package (see ASX Announcement 8 November 2023) and strategic review of operations and cost efficiencies (see ASX Announcement 4 October 2023).

Approved by the Board of Directors and Released by the Company Secretary

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About CardieX

CardieX is a medical technology company that develops and markets non-invasive patient monitoring technologies for assessing vascular health. The Company's suite of products includes medical and home health devices and digital solutions for hypertension, cardiovascular disease, and other vascular health disorders - all based on the Company's market leading SphygmoCor® vascular biomarker technology. CardieX is listed on the Australian Stock Exchange ("CDX").