



ASX ANNOUNCEMENT

29 January 2024

## CardieX December 2023 Quarter Update

### Highlights:

- CEO Comments.
- Strong clinical trial revenue drives a record result of \$7.97 million with sales growth of 828% (unaudited) for the December quarter (versus PCP).
- First half revenues of \$9.47 million (unaudited), delivering growth of 558% (versus PCP).
- Full settlement of Clinichain clinical trial contractual payments (~A\$6.26 million).
- Go-to-market strategies accelerating ahead of commercial launch of the Pulse device.
- Funding Commitment Agreement signed with C2 Ventures (C2V) for up to \$A7.5 million to support the capital requirements of the Company.
- The Company is in the final stages of completing the raising of up to \$8 million (including C2V's \$1.5 million participation), as announced on 19 December 2023, via
  - \$4 million institutional Placement (firm commitments received), conditional on resolutions at the Company's 1 February Extraordinary General Meeting, and
  - \$4 million Entitlement Offer, which closes on 1 February.
- Announcement of a further \$1 million underwriting of the Entitlement Offer by C2V.
- R&D and Working Capital Facilities extended with Mitchell Asset Management and creditor restructure provide improved balance sheet flexibility.
- Strong capital position supports new product launches and go-to-market strategies to fund growth through to profitability.
- Post quarter investment webinar.
- Extraordinary General Meeting on 1 February to approve Placement.
- Re-listing process underway with ASX.

## **CardieX Limited (ASX:CDX, CardieX, the “Company”) December 2023 Quarter Update.**

### **1. CEO Comments.**

I’m pleased to outline below some of the Company’s activities from the most recent quarter.

2023 was both a challenging and successful year for CardieX. Challenging from a capital perspective as we focused on a Nasdaq listing, and successful from a business perspective as we continued to progress with multiple business and go-to-market initiatives in advance of the release of our next generation of products powered by our market leading SphygmoCor® vascular biomarker technology.

2024 presents a significant milestone for us as we introduce the Pulse device to our clinical markets, and also a world first arterial health wearable technology that we believe will redefine the management of vascular health disorders in multiple therapeutic markets. In addition, we are continuing to invest in our traditional market segments where we have a unique technology advantage including academic research, specialist clinicians, and importantly, our clinical trial services market.

We are also finalising our capital raising plan that we announced to the market including a commitment from C2 Ventures (jointly owned by Niall Cairns and myself) for a further \$7.5m investment combined with additional funds received also via a Placement and Entitlement Offer. Funds from the combined capital raise are anticipated to progress us towards profitability, a milestone we also believe we will meet in the 2025 financial year.

Lastly, we are working with the ASX towards relisting which we discussed more fully on our recent investment webinar and which is a priority for all of us at the Company. We anticipate that, at the ASX’s discretion, we will satisfy the ASX’s conditions for relisting very shortly.

Thank you for your patience as we work through these final steps. I now set out below more details on the quarter:

### **2. Clinichain Trial Update**

During the period, the Company announced the receipt of US\$4.12 million (~A\$6.26 million<sup>1</sup>), being the full settlement of all contractual payments in relation to the Clinichain clinical trial. This has resulted in the Company reporting the full \$6.26 million in the December quarter, rather than over the FY24 and FY25 years, which delivered revenue of \$7.97 million for the quarter and growth of 828% for the December quarter when compared to the previous corresponding period.

The receipt of the Clinichain clinical trial payments has provided a strong boost to revenues and cashflows during the period and the CardieX team continues to work hard to grow and convert existing clinical trial pipeline opportunities in order to continue the strong performance of the division.

### **3. CONNEQT Product Update**

#### ***(a) Pulse Go-to-Market (GTM) Activities***

During the quarter, the Company continued to implement GTM strategies to ensure the successful launch of the FDA-cleared Pulse device.

Ahead of the Pulse launch, the Company actively marketed the device through various industry channels and association events. Business development initiatives targeted the entire healthcare spectrum, spanning traditional cardiology practices to the research and risk management industries. Additionally, efforts were directed at industry standards bodies like A4M (American Academy of Anti-Aging Medicine) and the American Heart Association (AHA) to integrate our SphygmoCor technology into AHA guidelines for managing cardiovascular disease.

Our immediate sales efforts are concentrated on pivotal traditional markets, involving both existing and prospective clinician, pharmaceutical, and research partners capable of seamlessly integrating our new devices into clinical settings. As highlighted in the recent 'Letter to Shareholders' on 9 October, the Company is actively pursuing multiple partnerships in specific therapeutic areas. Current opportunities encompass Heart Failure and Cardiology, Alzheimer's and Cognitive Health, Cash Pay and Concierge Physician, and Pregnancy and Maternal Health. A modest breakthrough in market share within any of these segments individually signifies a substantial multi-million-dollar opportunity for the Company.

The longer-term strategy involves integrating products and solutions across multiple new healthcare sectors, particularly those reliant on healthcare risk management. With our products' ability to identify risk at an earlier stage for various health disorders, we anticipate significant value and cost-savings across the healthcare ecosystem.

In an effort to foster efficient growth, strategic investments were directed towards three pillars - People, Process, & Provisioning. A demand generation leader was brought onboard to overhaul marketing and demand-generation, delivering an integrated system with a unified dashboard for prospecting and upselling. With established systems, the Company launched the first multi-channel customer outreach campaign through email, webinars, and events. This includes an expanded events schedule leading up to the Pulse launch and showcasing the CONNEQT Band technology to a broader audience.

#### ***(b) Product Development and Engineering***

During the quarter, the Company successfully finalised a stable firmware and mobile platform for the Pulse and has begun the final stages of trial production readiness for manufacturing. The arrival of first shipments in March 2024 will provide initial product availability for key partners and the expansion of our sales pipeline with key market influencers.

The Company also made significant progress in the development of its wearable technology, completing the initial validation of the measurements in October. The results will be

forthcoming in a paper to be submitted for peer-review and publication in a scientific journal.

Lastly, working prototypes of the CONNEQT Band and the Pulse were submitted to the US National Institutes of Health (NIH) in November for their evaluation as part of the NIH RADx Maternal Health Challenge. The NIH will conduct usability testing on these devices as a crucial step in the final assessment for the challenge, with the potential for the Company to receive an additional cash prize of up to USD \$525K on top of amounts already received from NIH. The expected release of results is in the USA Summer of 2024.

### ***(c) Trademark Update***

Post quarter the Company was advised that its “Conneqt” word mark and “Cq” (Conneqt) design mark have both been officially registered with the USPTO (United States Patent and Trademark Office).

## **4. Corporate Update**

### ***(a) Cash and Expenditure***

During the quarter, revenue in traditional medical markets was \$7.97m, and cash receipts from customers was \$7.44m. The Company had a cash balance of \$4.30m as at 31 December 2023.

During the quarter, CardieX spent \$493k on product development and operating costs on new and existing products. Research and development expenditure totalled \$354k, primarily due to ongoing costs involved in finalising the Pulse development. Administration and corporate costs totalled \$1.21m for quarter, an increase of \$894k on the prior quarter expenditure of \$320k.

Payments to related parties and their associates in the quarter were \$19k and all related to remuneration for services under existing services agreements.

### ***(b) Funding Commitment Agreement with C2 Ventures***

On 8 November, the Company announced it had entered into a Funding Commitment Agreement (FCA) with C2 Ventures (C2V), the entity associated with directors Niall Cairns and Craig Cooper, for up to \$7.5 million over the next year to support funding needs of the Company.

The FCA cornerstones a capital raising package to provide the funds required to deliver significant growth and a path to profitability. The FCA includes C2V’s participation for up to \$1.5 million in the Institutional Placement and Entitlement Offer outlined below, with an additional \$6 million being invested in 2024. The Placement, Entitlement Offer and shares issued to C2V under the FCA will be on the same pricing and terms (subject to shareholder approval).

***(c) Institutional Placement and Retail Entitlement Offer (closing on 1 February)***

On 19 December, CardieX announced that firm commitments to raise up to \$4.0 million (before costs) through a Placement with institutional and sophisticated investors had been received. C2V committed \$0.79 million in the Institutional Placement as part of the previously announced \$7.5 million FCA executed with the Company.

Completion of the Institutional Placement and commitment by C2V is subject to shareholder approval at an Extraordinary General Meeting being held on 1 February 2024.

Concurrent with the Institutional Placement, the Company also launched an Entitlement Offer to existing eligible shareholders on a 1 for 2.87 non-renounceable pro-rata entitlement basis to raise up to an additional \$4 million on the same terms as the Institutional Placement. C2V will subscribe for their full entitlements of up to \$0.75 million in the Entitlement Offer. The Company has lodged a prospectus with ASIC in respect of the Entitlement Offer that closes on 1 February.

New Shares issued under the Institutional Placement and Entitlement Offer will be issued at an offer price of \$0.08 per new share. Participants in the Institutional Placement and Entitlement Offer will also be issued 1 free attaching quoted option exercisable at \$0.20 each and expiring on 30 November 2025 for every 3 new Shares subscribed for and issued under the Institutional Placement and Entitlement Offer.

Eligible Shareholders may also subscribe for new Shares and Quoted Options in excess of their entitlements, which are not subscribed for by other ineligible and eligible shareholders pursuant to the Entitlement Offer, on the same terms as the Entitlement Offer.

Subscription proceeds combined with operational receipts from the core business will be applied towards working capital requirements of the business and corporate activities.

***(d) Entitlement Offer Partial Underwriting and Supplementary Prospectus***

On 18 January 2024, the Company announced it had entered into a Commitment and Underwriting Agreement with C2V under which C2V commits to take up its Entitlement in full (approximately \$0.71 million) and commits to partially underwrite the Entitlement Offer for up to \$1 million. Any amount subscribed by C2V for underwritten shares will count as part of the funds provided by C2V under the FCA. No fee is payable to C2V for its commitments in the Commitment and Underwriting Agreement.

***(e) Extended Finance Facilities and Creditor Restructure to Improve Balance Sheet Flexibility***

On 20 November, the Company announced the extension of two debt facilities with Mitchell Asset Management (MAM). These facilities are summarized below:

***MAM R&D Facility***

At the time of the announcement, the R&D Facility had approximately \$595,000 in principal outstanding. 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 extended the maturity date of the R&D Facility to 31 March 2024. This provides the Company with 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.

***MAM Working Capital Facility***

In December 2022, the Company entered a short-term working capital facility for up to \$880,000 with a maturity date of 30 October 2023.

In conjunction with the finalisation of the restructure of the Company's capital structure, MAM extended the maturity date of the Working Capital Facility to 31 October 2024. This provides 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 then be 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 FY24 R&D Tax Incentive, which based on prior lodgement history (noting FY22 was a ~\$725,000 refund), would allow the Company to repay all the MAM facilities within their revised maturity dates.

The Company is working with its professional advisors to register and lodge its 2023 R&D Tax Incentive Registration to discharge the MAM R&D facility prior to 31 March 2024 and to ensure 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.

***Creditor Restructure***

Following the withdrawal of the Company's F-1 registration statement with the SEC on 26 September, the Company has been working with its US 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.

During the period, the Company was able to negotiate the outstanding amount with WSGR down to US\$1,500,000. In addition, WSGR also 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 extended finance facilities with MAM and restructured debt obligation with WSGR significantly improved the Company's balance sheet flexibility.

***(f) Post Quarter Investment Webinar.***

Post quarter, the Company also conducted an investment webinar with investors to update on the Company's activities as well as to recap on the 2023 year. The webinar presentation was released to the ASX on 18 January ("CDX January 2024 Webinar Presentation") and included:

- (i) business and corporate updates, highlights, and a recap of the 2023 calendar year;
- (ii) details of the current capital raise, including C2 Ventures Funding Commitment Agreement with the Company for \$7.5m;
- (iii) strategic and go-to-market initiatives for the Companies new products;
- (iv) a sampling of some of the current business opportunities underway for the CONNEQT Pulse;
- (v) a product launch schedule;
- (vi) an outline of the 6-12 month "look forward" of the Company's strategic and business targets; and
- (vii) an investor Q&A.

We would encourage all shareholders and interested parties to download the webinar presentation from the ASX website for more details.

***(g) Extraordinary General Meeting of Shareholders - 1 February 2024***

On Thursday, 1 February 2024 at 9.30am (AEDT) CardieX is holding an Extraordinary General Meeting (EGM), seeking shareholder approval for 13 resolutions relating to the issue of shares and options in the Placement, related party participation in the Placement, issue of options to the 2023 Convertible Note investors (including related party participation) and refreshment of the Company's placement capacity, as per the Notice of Meeting released on the ASX on 4 January 2024. Passing of these resolutions enables the Placement to be completed.

### ***(h) Re-Quotation of Shares on ASX***

Following the announcement of the Institutional Placement and Retail Entitlement Offer, the Company has been able to progress discussions with ASX as to lifting the suspension in trading of the Company's shares which has been in place since 28 September.

Subsequent to period end, the Company announced that ASX advised it is minded to reinstate trading in the Company's shares subject to a number of conditions being satisfied. These conditions are listed in the announcement of 2 January 2024.

The Company has been progressing several initiatives to ensure that it satisfies all ASX's conditions in relation to re-quotation of its shares. The Company notes that reinstatement to ASX trading is at the full discretion of the ASX, and while clarity in the form of the conditions listed is welcomed, the ASX does reserve the right to waive conditions or add further conditions should circumstances change or new matters come to light.

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

**- ENDS -**

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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").