



26 April 2024

Dear Shareholders,

RE: CARDIEX LIMITED – NOTICE OF EXTRAORDINARY GENERAL MEETING

Cardiex Limited (ASX: CDX) (**Cardiex**, the **Company**) advises that an Extraordinary General Meeting (the **Meeting**) has been called for 9:30am (AEST) on Monday, 3 June 2024. The meeting is to be held at 24-26 Kent Street, Millers Point NSW 2000.

As permitted by the Corporations Act 2001 (Cth), the Company will not be sending hard copies of the Notice of Meeting to Shareholders. The Notice of Meeting can be viewed and downloaded from the Company's website at: <https://cardiex.com/investors/asx-announcements/>.

If you are unable to attend the Meeting, you may appoint a proxy to vote for you at the Meeting by completing the enclosed Proxy Form. Alternatively, you are invited to vote online at: <https://investor.automic.com.au/#/loginsah>. The Company is committed to minimising paper usage and encourage all Shareholders to make the switch to paperless communications and provide us with your email address. To make the change, go to <https://investor.automic.com.au/#/loginsah> and follow the prompts. Shareholder documents are always available to access on our website and the ASX Platform.

If you have problems accessing this service, please contact our share registry, Automic on:

Mail	GPO Box 5193 Sydney NSW 2001
By Email:	meetings@automicgroup.com.au
Phone:	1300 288 664 (within Australia) +61 2 9698 5414

For and on behalf of the Board,

Niall Cairns
Chairman
Cardiex Limited



CARDIEX Limited
ACN 113 252 234

**Notice of Extraordinary General Meeting and
Explanatory Statement**

TIME: 9:30am (AEST)
DATE: 3 June 2024
PLACE: 24-26 Kent Street, Millers Point NSW 2000

This Notice of Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that the Extraordinary General Meeting of Shareholders of Cardix Limited (**Company**), which will be held at 9:30am (AEST) on 3 June 2024 at 24-26 Kent Street, Millers Point NSW 2000 for the purposes of transacting the following business.

Terms used in this Notice of Meeting and accompanying Explanatory Statement are defined in the glossary section of this document.

The Explanatory Statement, which accompanies and forms part of this Notice, describes the matters to be considered at the Extraordinary General Meeting.

1. **RESOLUTION 1: APPROVAL TO ISSUE QUOTED OPTIONS TO C2 VENTURES PTY LIMITED**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 25,000,000 Quoted Options to C2 Ventures Pty Limited (and an equivalent number of Shares on exercise of those Quoted Options), on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- the named person or class of persons excluded from voting as set out below; or
- an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the proxy or attorney to vote on the Resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Company will disregard votes cast by:
the person who is to receive the securities in question, being C2 Ventures Pty Limited or any of its associates;
any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity);
a person whose votes, in ASX’s opinion, should be disregarded.

2. RESOLUTION 2: APPROVAL FOR THE ISSUE OF CONVERSION SHARES AND OTHER SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That for the purpose of Item 7 of Section 611 of the Corporations Act and for all other purposes, approval is given for the issue of up to 75,000,000 Conversion Shares, 40,518,481 Shares on the exercise of Quoted Options and 2,000,000 Shares on the exercise of Performance Rights to C2 Ventures Pty Limited and its associates, in each case on the terms and conditions in the Explanatory Memorandum.”

Independent Expert’s Report: Shareholders should carefully consider the accompanying report prepared by the Independent Expert for the purposes of the Shareholder approval required under section 611 Item 7 of the Corporations Act. The Independent Expert has concluded that the proposed issuance is not fair but reasonable to Shareholders. Shareholders should carefully consider the Independent Expert’s Report, a copy of which is contained in Schedule 3.

Voting exclusion statement

In accordance with item 7, section 611 of the Corporations Act, a vote must not be cast in favour of this Resolution by the person who is to receive the securities in question, being C2 Ventures Pty Limited, or any of its associates.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

3. RESOLUTION 3: APPROVAL OF DIRECTOR OPTIONS – MR. RANDALL KING NELSON

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 1,000,000 Quoted Options to Mr. Randall King Nelson (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- the named person or class of persons excluded from voting as set out below; or
- an associate of that person or those persons; or
- cast as a proxy by members of Key Management Personnel and their closely related parties.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Company will disregard votes cast by:
the person who is to receive the securities in question;
Any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity);
A person who votes, in ASX's opinion, should be disregarded.

4. RESOLUTION 4: APPROVAL OF DIRECTOR OPTIONS – MR. CHARLES TAYLOR

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 1,000,000 Quoted Options to Mr. Charles Taylor (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- the named person or class of persons excluded from voting as set out below; or
- an associate of that person or those persons; or
- cast as a proxy by members of Key Management Personnel and their closely related parties.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Company will disregard votes cast by:
the person who is to receive the securities in question;
Any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity);
A person who votes, in ASX's opinion, should be disregarded.

5. RESOLUTION 5: ELECTION OF MR CHARLIE TAYLOR AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 14.3, Article 17.3 of the Constitution, and for all other purposes, Charlie Taylor, a Director who was appointed by the Board on 1 March 2024, retires and, being eligible and offering himself for election, be elected as a director of the Company.”

DATED: 26 April 2024

BY ORDER OF THE BOARD



Louisa Ho
Company Secretary

INFORMATION FOR SHAREHOLDERS WITH REGARD TO VOTING ARRANGEMENTS

The following information forms part of this Notice of Meeting.

Voting Entitlements

For the purpose of the Extraordinary General Meeting, the Company has determined that all securities of the Company that are quoted securities at 5:00pm (AEST) on 1 June 2024 will be taken, for the purpose of the Meeting, to be held by the persons who were registered holders at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Extraordinary General Meeting.

You may vote by attending the Meeting in person or by proxy. A body corporate can appoint a corporate representative.

Voting in person

To vote in person, attend the Meeting at the place and time specified in the Notice of Meeting.

Voting by corporate representative

Body corporate Shareholders should complete a "*Certificate of Appointment of Corporate Representative*" to enable a person to attend the Meeting on their behalf.

Proxies

A Shareholder has the right to appoint a proxy who need not be a Shareholder of the Company.

If a Shareholder is entitled to two or more votes, they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

The Proxy Form (which is enclosed with this Notice of Meeting) and any power of attorney or authority under which they are signed must be received at the share registry of the Company:

c/- Automic Pty Ltd
GPO Box 5193
Sydney, NSW 2001, Australia

At the Company's Registered Office
Suite 301, Level 3
55 Lime Street
Sydney NSW 2000

By Hand
Automic Pty Ltd
Deutsche Bank, Tower Level 5/126 Phillip Street, Sydney, NSW 2000, Australia

By facsimile to Automic Pty Ltd on +61 (2) 9698 5414

online at www.automicgroup.com.au

at least 48 hours prior to the Meeting (i.e. by no later than **9:30am AEST on 1 June 2024**) or any adjournment.

Any Proxy Form received after this deadline, including at the Meeting, will be invalid.

SHAREHOLDER COMMUNICATIONS

Shareholders may elect to receive certain documents including annual reports and notice of meetings (proxy/voting forms) as follows:

- (a) You can make a standing election to receive the documents in physical or electronic form;
- (b) You can make a one-off request to receive a document in physical or electronic form; or
- (c) You can tell us if you do not want to receive a hard-copy of the annual report.

The Company is committed to minimising paper usage and encourage all Shareholders to make the switch to paperless communications and provide us with your email address. To make the change, go to www.investor.automic.com.au/#/home and follow the prompts. Shareholder documents are always available to access on our website and the ASX platform.

Cardiex Limited ACN 113 252 234

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Extraordinary General Meeting to be held at 9:30am (AEST) on 3 June 2024 at 24-26 Kent Street, Millers Point NSW 2000.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions.

This Explanatory Statement should be read in conjunction with the Notice of Meeting preceding this Explanatory Statement, and the Independent Expert's Report in Schedule 3. Capitalised terms in this Explanatory Statement are defined in the glossary section of this document.

ASX takes no responsibility for the contents of the Notice of Meeting or this Explanatory Statement.

This Explanatory Statement does not take into account any person's investment objectives, financial situation or particular needs. If you are in any doubt about what to do in relation to the Meeting, you should consult your financial or other professional adviser.

1. BACKGROUND TO RESOLUTIONS 1 AND 2

A short summary of the history and transactions leading up to the approvals to be sought at this meeting are as follows. Full details can be found in the Company's ASX announcements regarding the relevant events.

1.1 US listing proposal and voluntary suspension

In 2023 the Company pursued a Nasdaq dual listing, with a proposed capital raising from US investors. The Company encountered unexpectedly difficult investment market conditions, and on 28 September 2023 it announced that the US F-1 registration statement was being withdrawn. On the same day the Company requested a voluntary suspension pending an announcement regarding (amongst other matters) its general capital raising activities.

1.2 Funding Commitment Agreement with C2 Ventures

On 9 November 2023 the Company announced a funding and capital raising package to replace the earlier US capital raising proposal.

The funding package included an immediate funding commitment in the form of a Funding Commitment Agreement (**FCA**) with its largest shareholder C2 Ventures Pty Limited (**C2V**), an entity controlled by directors Niall Cairns and Craig Cooper. Under the FCA, C2V (and/or its nominees) would make available to the Company an unsecured loan facility of up to \$7,500,000 (**Facility Limit**). The funding was considered to be on favourable terms to the Company, as it provided immediate unsecured loan funding, and as a lender C2V agreed that it could not enforce the loan at maturity except to the extent that the Company has available assets to satisfy the payment. The directors do not consider that any other commercial lender would have provided terms as favourable to the Company.

The 9 November 2023 announcement also included details of a proposed equity capital raising comprising a placement and pro rata entitlement offer. The announcement noted that the Company intended to call a general meeting to approve the potential conversion to equity of all loans under the FCA, and that the equity to be issued to C2V on conversion of the FCA loan advance would be "on the same pricing and terms (subject to shareholder approval)" as the placement and entitlement offer.

In accordance with the terms of the FCA:

- (a) subject to obtaining all necessary board, shareholder and regulatory approvals, the Company may repay some or all of the outstanding moneys under the FCA by issuing securities to C2V instead of cash, such as by C2V using its funds to participate in the equity capital raising; and
- (b) within 3 months of that capital raising, C2V may require the Company to seek shareholder approval for the conversion of all then outstanding moneys, and to the extent possible, all future loans up to the Facility Limit, into securities in the Company at the same price and otherwise on the same terms as the securities offered to shareholders and investors under any such capital raising.

If shareholder approval for the conversion of the FCA loan facility to equity is not obtained on these terms, then the interest rate on existing and new advances will increase from 10% to 15% per annum, and C2V will not be obliged to continue to make new advances of funds to the Company (although repayment obligations for existing advances will not be accelerated).

1.3 Capital Raising

On 19 December 2023, the Company announced a capital raising comprising:

- (a) a placement of up to 50,000,000 Shares (**Placement Shares**) to sophisticated and professional investors at an issue price of \$0.08 per Share, to raise up to \$4,000,000 (before costs), together with 1 free attaching option (**Quoted Option**) for every 3 shares subscribed for and issued (**Placement**); and
- (b) a 1 for 2.87 non-renounceable pro-rata entitlement offer of new shares at an issue price of \$0.08 per share to raise up to approximately \$4,000,000 (before costs), together with 1 free-attaching Quoted Option for every 3 new shares subscribed for and issued (**Entitlement Offer**). Shareholders (other than C2V and other related parties) were given the unlimited opportunity to apply for additional shares and attaching Quoted Option under a Top-up Facility.

Together, the Placement and Entitlement Offer comprise the **Capital Raising**.

The Quoted Options have an exercise price of \$0.20 per share and expire 30 November 2025. The full terms and conditions are set out in Schedule 1.

On 18 January 2024, the Company announced that C2V had agreed to partially underwrite the Entitlement Offer up to \$1,000,000. This was done to assist the Company to meet the ASX conditions for reinstatement of trading in its shares, which included a condition that the Entitlement Offer raised the full \$4,000,000 sought.

C2V provided significant financial support to the Company by participating in the Placement for \$790,000 (after receiving Shareholder approval at the February EGM), taking up its full entitlement under the Entitlement Offer on the same terms as other shareholders, and providing \$924,012.48 in underwriting funds, in each case applying part of the Facility Limit under the FCA.

As a result of providing the underwriting funds, on 14 March 2024 the Company announced that it had agreed with C2V to increase the Facility Limit under the FCA by \$966,434.40 which brings the total Facility Limit to \$8,466,434.40 (with \$6,000,000 remaining undrawn at the date of this Explanatory Statement). The purpose of the increase in the Facility Limit is to ensure that the Company has available to it the full \$14,000,000 that was originally intended, by way of the Capital Raising and the FCA.

1.4 ASX decision to reinstate quotation of Shares

Since the 28 September 2023 suspension in trading of the Company's Shares, the Company worked hard to satisfy ASX of its financial position and to satisfy the other conditions required by ASX for reinstatement to trading (see our 2 January 2024 ASX announcement for additional details).

On 26 February 2024 ASX agreed to lift the suspension and reinstate trading in Shares. ASX also granted approval for the quotation of the Quoted Options, and they are now quoted under the ASX code CDXOA. The directors consider that C2V's support was instrumental in achieving this outcome.

1.5 Proposed Debt to Equity Conversion Agreement

To formally document the conversion of debt under the FCA into equity on the same terms as the Capital Raising (as originally announced to ASX on 9 November 2023), the Company is proposing to enter into a Debt to Equity Conversion Agreement (**Conversion Agreement**) with C2V.

Under the terms of this agreement C2V will have the right to convert debt and undrawn funding commitments under the FCA to Shares, and the Company will also have the right to convert debt to Shares at the same price so as to manage its liabilities and reduce its interest costs. C2V will also be entitled to the benefit of attaching Quoted Options on the same terms as the Capital Raising.

A summary of the material terms and conditions of the proposed Conversion Agreement are set out in Schedule 2.

1.6 The current status of the FCA Facility Limit and C2V's shareholding

As at the date of this Explanatory Statement, the amount outstanding and undrawn balance of the Facility Limit is \$6,000,000.

If the Conversion Agreement is fully used by either C2V or the Company, the maximum number of securities that could be issued to C2V is therefore 75,000,000 Shares and 25,000,000 Quoted Options (the **C2V Securities**). If all such Quoted Options were also exercised, the total number of Shares resulting from the Conversion Agreement and the exercise of those Quoted Options would be 100,000,000.

C2V and its associates together currently hold 68,689,830 issued shares in the Company, and have voting power of 23.35% as at the date of this Explanatory Statement (further details are in the notice of change of interests of substantial holder, filed with ASX by C2V on 8 February 2024).

By way of illustration, the table below shows hypothetical examples of the number of C2V Securities that would be issued to C2V under the Conversion Agreement assuming:

Facility Amount	Number of C2V Securities to be issued under the Conversion Agreement		C2V voting power		
	Shares	Quoted Options	Issue of Conversion Shares only ¹	Issue of Conversion Shares, exercise of only C2V options, performance rights ^{1,2}	Exercise of Conversion Agreement, exercise of <u>all</u> Options, all performance rights ^{1,3}
\$1,000,000	12,500,000	4,166,667	26.47%	31.33%	27.00%
\$3,000,000	37,500,000	12,500,000	32.02%	37.66%	32.88%
\$6,000,000	75,000,000	25,000,000	38.92%	45.23%	40.10%

Notes

1. Assumes:
 - (a) there are 294,174,568 Shares on issue following completion of the Capital Raising and prior to the issue of Shares under the Conversion Agreement;
 - (b) prior to the exercise of the Conversion Agreement rights, C2V and its associates together have a relevant interest in 68,689,830 Shares and 13,818,481 Quoted Options; and
 - (c) other than the Shares and Quoted Options issued to C2V, no other Shares are issued.
2. Assumes the Quoted Options currently held by C2V and those issued to C2V on approval of the Conversion Agreement are exercised and the 2,000,000 Performance Rights on issue to Niall Cairns and Craig Cooper vest, but no other options are exercised by any other optionholder.
3. Assumes the Quoted Options issued to C2V on approval of the Conversion Agreement as well as all other options currently held by all option holders are then exercised (but does not include the options proposed to be issued to Directors in Resolutions 3 and 4). Also assumes vesting of all current Performance Rights (2,000,000 on issue to Niall Cairns and Craig Cooper, plus 250,000 to a non-associated party).

2. RESOLUTION 1: APPROVAL TO ISSUE QUOTED OPTIONS TO C2 VENTURES PTY LIMITED

2.1. Background

Resolution 1 seeks Shareholder approval for the issue of Quoted Options to C2V in accordance with the proposed terms of the Conversion Agreement.

Subject to shareholder approval and execution of the Conversion Agreement the Company will issue 25,000,000 Quoted Options to C2V. The Quoted Options will have the same terms and conditions as the Company's existing class of quoted options (CDXOA), but will be subject to a contractual restriction on C2V exercising, selling, transferring, using as collateral, or otherwise disposing of those Quoted Options except to the extent that an appropriate number of Conversion Shares are issued. In other words, for every 3 Conversion Shares that are issued to C2V under the terms of the Conversion Agreement, the contractual restriction will cease to apply to 1 Quoted Option.

If any Quoted Options remain subject to the restriction on exercise, sale, transfer, use as collateral, or disposal at the expiry date of the Quoted Options, those Quoted Options will expire unexercised. This means that although the full number of Quoted Options will be issued to C2V in order to comply with ASX Listing Rule 10.13.5, C2V cannot obtain the economic benefit of those Quoted Options unless and until the applicable number of Conversion Shares are subsequently issued to C2V on conversion of its cash funding advances to the Company.

2.2. ASX Listing Rule Requirements

ASX Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in ASX Listing Rules 10.11.1 to 10.11.3; or

10.11.5 a person whose relationship with the company or a person referred to in ASX Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the Quoted Options falls within ASX Listing Rule 10.11.1 and does not fall within any of the exceptions in ASX Listing Rule 10.12. It therefore requires the approval of Shareholders under ASX Listing Rule 10.11.

Resolution 1 seeks Shareholder approval for the issue of 25,000,000 Quoted Options (including Shares issued on exercise of those Quoted Options) under and for the purposes of ASX Listing Rule 10.11.

Pursuant to ASX Listing Rule 7.2 exception 14, where approval under ASX Listing Rule 10.11 is obtained, approval is not required under ASX Listing Rule 7.1 and the issue of securities will not be included in the Company's 15% limit.

2.3. ASX Listing Rules exception for issue of the Conversion Shares

The Company is not seeking approval for the potential issue of the Conversion Shares under ASX Listing Rule 10.11 because there is an exception in ASX Listing Rule 10.12 exception 6 for an issue of shares that is approved for the purpose of section 611 item 7 of the Corporations Act. Resolution 2 in the Notice of Meeting seeks an approval for that purpose.

2.4. Corporations Act requirements for related party transactions

Chapter 2E of the Corporations Act requires that for a public company to give a financial benefit to a related party (including directors of the company and entities which those directors control), the company must obtain approval of shareholders in the manner set out in sections 217 to 227 of the Corporations Act and give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Quoted Options constitutes the giving of a financial benefit, and C2V is a related party of the Company by virtue of being controlled by Directors Niall Cairns and Craig Cooper.

The Board (with Niall Cairns and Craig Cooper abstaining from the deliberations) is of the view that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Quoted Options because the Quoted Options will be issued to C2V on the same terms as equity securities issued to non-related party participants in the Capital Raising, and as such the giving of the financial benefit is on arm's length terms.

2.5. Effect of Resolution 1

If Resolution 1 is passed by Shareholders, the Company will be able to proceed with the issue of the Quoted Options to C2V and, due to approval being obtained under ASX Listing Rule 10.11, the issue and subsequent exercise of the Quoted Options will not use up any of the Company's 15% placement capacity.

If Resolution 1 is not passed by Shareholders, the Company will not be able to proceed with the issue of the Quoted Options, in accordance with the terms of the FCA, C2V may terminate its obligation to provide further loans under the FCA and the interest rate on principal outstanding will increase from 10% per annum to 15% per annum.

2.6. Required Information for ASX Listing Rule 10.11

In accordance with ASX Listing Rule 10.13 the following information is provided in relation to Resolution 1:

Persons Issued To	The Quoted Options will be issued to C2V who falls within the category set out in ASX Listing Rule 10.11.1 by virtue of being a company controlled by Directors Niall Cairns and Craig Cooper.
Maximum Number of Equity Securities	The maximum number of Quoted Options to be issued will be 25,000,000 Quoted Options.
Terms of Securities	The Quoted Options will be in the same class as the Company's existing Quoted Options, the terms of which are summarised in Schedule 1.
Date of Issue	The Quoted Options will be issued no later than 1 month after the date of the Meeting (or such date to the extent permitted by any ASX waiver or modifications of the ASX Listing Rules).
Price	The issue price of the Quoted Options is for nil per Quoted Option.
Purpose of Issue/ Use of Funds	Refer to Section 2.1 for details of the purpose of the issue of the Quoted Options. There will be no funds raised from the issue of the Quoted Options. If the Quoted Options are exercised by C2V paying the exercise price to the Company, the Company intends to use the proceeds from the exercise price towards funding the operations of the Company, clinical market development, capital raising costs, amounts owed by the Company, and for general working capital purposes. The Quoted Options are not intended to remunerate or incentivise Directors Niall Cairns and Craig Cooper.
Material Terms of Agreement	The material terms of the Conversion Agreement are summarised in Schedule 2.
Voting Exclusion	A voting exclusion applies to Resolutions 1 and is included in the Notice.

2.7. Recommendation

The independent directors, Mr Randall King Nelson and Mr Charlie Taylor, recommend that Shareholders vote in favour of Resolution 1.

3. RESOLUTION 2 – APPROVAL FOR THE ISSUE OF CONVERSION SHARES AND OTHER SECURITIES

3.1. Introduction

The Company is seeking shareholder approval for the purpose of item 7 of section 611 of the Corporations Act for the issue up to:

- (a) 75,000,000 Shares to C2V on the exercise of conversion rights by either C2V or the Company in the Debt to Equity Conversion Agreement (**Conversion Shares**) and up to 25,000,000 Quoted Options (and 25,000,000 Shares on exercise of

those Quoted Options), being the maximum number of Shares and Quoted Options that may be issued if the full \$6,000,000 (being the undrawn balance of the Facility Limit as at the date of this Notice) is converted;

- (b) up to 15,518,481 Shares to C2V on the exercise of 15,518,481 Quoted Options and unquoted options held by C2V and its associates with exercise prices of \$0.20 expiring on 30 November 2025 (being Quoted Options), and \$0.45 expiring on 31 August 2026; and
- (c) up to 2,000,000 Shares on the vesting of Performance Rights, being 1,000,000 Shares to Niall Cairns and 1,000,000 Shares to Craig Cooper,

(together, the **Approval Shares**).

On exercise of rights in the Conversion Agreement, the Conversion Shares and Quoted Options will be issued to C2V on the same terms and conditions that were offered to investors under the Capital Raising, being an issue price of \$0.08 per Share, together with the benefit of 1 free-attaching Quoted Option for every 3 Conversion Shares issued.

The voting power of C2V, Niall Cairns, and Craig Cooper at the date of this Notice 23.35% as a result of its, and its associates, participation in the Capital Raising (including C2V's underwriting commitment).

As the maximum number of Approval Shares that could be issued to C2V would represent a further increase in that voting power above 20% of the Company's issued Shares, Shareholder approval must be obtained in order to prevent a breach of the Corporations Act as explained in more detail below.

3.2. Sections 606 and 611 (Item 7) of the Corporations Act

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares in a company if, as a result of the acquisition, that person or someone else's voting power in the company increases from less than 20% to more than 20%, or from a starting point that is above 20% and below 90% (**Section 606 Prohibition**).

The voting power of a person in a company (such as Cardiex) is determined under section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

Section 608 of the Corporations Act states that a person has a "**relevant interest**" in securities if they:

- (a) are the holder of the securities; or
- (b) have power to exercise, or control the exercise of, a right to vote attached to securities; or
- (c) have power to dispose of, or control the exercise of power to dispose of, the securities; or
- (d) control a body corporate which itself has a relevant interest in the securities.

For the purpose of determining voting power, a person (second person) will be an "**associate**" of the other person (first person) if:

- (e) the first person is a body corporate and the second person is:
 - (i) a body corporate the first person controls;

- (ii) a body corporate that controls the first person; or
- (iii) a body corporate that is controlled by an entity that controls the first person; or
- (f) the second person has entered or proposes to enter into an agreement, arrangement, or understanding (whether or not legally binding) with the first person for the purposes of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (g) the second person is a person with whom the first person is acting, or proposing to act, in concert in relation to the company's affairs.

Item 7 of section 611 of the Corporations Act provides an exception to the Section 606 Prohibition, where a person acquires a relevant interest in a company's voting shares with prior shareholder approval. Section 611 item 7 has certain disclosure obligations (which are set out in this document), and a voting exclusion (which is set out in the Notice).

3.3. The persons who will increase their voting power as a result of the proposed acquisition of the Approval Shares

The current relationships between the persons who will increase their voting power in the Company as a result of the proposed issue of Approval Shares are:

- (a) **C2V** currently holds 59,448,630 Shares and 14,772,892 Quoted Options, and will increase its relevant interest by reason of becoming the registered holder of the Approval Shares.
- (b) **Niall Cairns and Craig Cooper** will each also acquire a relevant interest in the Option Shares by reason of each of them controlling C2V.
- (c) **Niall Cairns** holds relevant interests in Shares separately from C2V. Mr Cairns controls Carnethy Investments Pty Ltd (direct holder of 809,060 Shares and 69,687 Quoted Options) and Carnethy Evergreen Pty Ltd (direct holder of 1,937,702 Shares and 674,902 Quoted Options). Mr Cairns also holds 1,000,000 Performance Rights.
- (d) **Craig Cooper** also holds relevant interests in Shares separately from C2V, by reason of a direct holding of 6,494,438 Shares. Mr Cooper also holds 1,000,000 Performance Rights.
- (e) **Niall Cairns and Craig Cooper** are associates of one another, by reason of them having an understanding as to how their respective Shares will be voted on matters concerning the Board of the Company.

Resolution 2 therefore seeks approval for each of these persons to increase their voting power by reason of the issue of Approval Shares to C2V (on the exercise of rights in the Conversion Agreement, and exercise of Quoted Options and other options), Carnethy investments Pty Ltd (on the exercise of its Quoted Options), Carnethy Evergreen Pty Ltd (on the exercise of its Quoted Options), Niall Cairns (on the vesting of Performance Rights), and Craig Cooper (on the vesting of Performance Rights).

3.4. Independent Expert's Report

To provide independent advice to Shareholders, especially in view of the fact that two of the Company's four directors are associated with C2V, the Company engaged Moore Australia Corporate Finance (WA) Pty Ltd to provide an independent expert's report to Shareholders, in accordance with ASIC Regulatory Guide 74 (Acquisitions approved by members) and the content guidelines in ASIC Regulatory Guide 111 (Content of expert reports).

In summary, the report concludes that in the Independent Expert's opinion the proposed acquisition of Shares under the terms of the proposed Conversion Agreement are not fair but reasonable to Shareholders who are not associated with C2V.

The report is included in full in Schedule 3 and Shareholders are urged to read the report carefully before deciding how to vote.

3.5. Material terms of the Conversion Agreement

A summary of the material terms of the proposed Debt to Equity Conversion Agreement is set out in Schedule 2

3.6. Advantages and disadvantages of the proposal

The independent directors, Mr Randall King Nelson and Mr Charlie Taylor, consider that Shareholders should consider the following potential advantages and disadvantages of the Conversion Agreement and resulting issue of Conversion Shares and Quoted Options:

Advantages

- (a) The conversion of debt to equity, on the same terms as Shareholders and other third party investors were recently offered in the Capital Raising, will strengthen the Company's balance sheet and set up its capital structure for the future. The Conversion Agreement gives the Company the right to convert outstanding debt to equity, even if C2V has not chosen to do so.
- (b) If Resolution 2 is approved, the Company will have available to it continued funding from C2V under the FCA. This is considered important to the Company's future plans, and the loss of this future funding (which could happen if Resolution 2 is not approved) would force the Company to seek alternative debt and/or equity funding, which may not be available on as favourable terms as the FCA.
- (c) If Resolution 2 is approved the interest rate on the FCA will stay at 10% per annum, which is considered favourable for unsecured lending to a company in the position of Cardix. If the Resolution is not approved the interest rate will increase to 15% per annum.
- (d) The support of C2V and directors Niall Cairns and Craig Cooper has been instrumental in the Company's progress to date. Approving the issue of Approval Shares including Conversion Shares under the Conversion Agreement will continue their support of the Company, and help to secure their ongoing commitment and incentive to make the Company's business a success for the benefit of all Shareholders.

Disadvantages

- (a) The potential dilution of non-associated Shareholders will increase by the issue of the Approval Shares. The approval sought in Resolution 2 could result in C2V and its controllers increasing their voting power to up to 45.23% (as a hypothetical maximum where C2V and its associates exercise all their options but no other option holder exercises their Quoted Options) or 40.10% (on the more likely scenario where all holders of options exercise them). This would increase their practical control of the Company and make it more difficult for other Shareholders to pass resolutions on matters such as changing the board of directors.
- (b) The increased voting power in the Company's Shares would also make it more difficult for a takeover bid, scheme of arrangement, or other change of control proposal to succeed without the support of C2V and its controllers. It is possible that

this factor could make the Company less attractive to potential bidders, and so indirectly have the effect of suppressing the trading price of Shares.

- (c) Shareholders may consider that the issue price of Conversion Shares, namely \$0.08, is too low, and that this fixed price gives C2V too much upside. The counter point to this is that the Company can exercise conversion rights under the Conversion Agreement to convert FCA debt at the same fixed price, and so C2V is also exposed to downside risk if Shares trade below \$0.08.
- (d) The Independent Expert has assessed that the proposed issue of Approval Shares is not fair to Shareholders who are not associated with C2V (the **Non-Associated Shareholders**) as C2V has not paid a premium for control.
- (e) Under the transaction, Non-Associated Shareholders' interest will decline from 76.65% to 61.08% (assuming the exercise of the Conversion Agreement for the Conversion Shares only). If C2V and its associates also exercised their options and converted 2,000,000 Performance Rights that are expected to vest within the next 12 months, then the Non-Associated Shareholders' interest will decline to 54.77%.
- (f) C2V and its associates will have the power to block the passing of a special resolution in the Company and will have effective control over the Company.
- (g) The Conversion Agreement gives C2V the right to convert the outstanding debt to equity any time prior to the expiry date, even if at a discount to the Cardix share price at the time.

3.7. Information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74

The following information is provided in accordance with item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74 (in respect of acquisitions to be approved by shareholders in accordance with item 7 of section 611):

(a) **Identity of the parties acquiring the Approval Shares:**

Resolution 2 seeks Shareholder approval for the purpose of section 611 Item 7 and all other purposes to enable the Company to issue the Approval Shares to C2V (on the exercise of the Conversion Agreement, Quoted Options, and other options), Carnethy Investments Pty Ltd (on the exercise of its Quoted Options), Carnethy Evergreen Pty Ltd (on the exercise of its Quoted Options), Niall Cairns (on the vesting of Performance Rights), and Craig Cooper (on the vesting of Performance Rights).

Section 3.3 above describes the other persons who will also acquire a relevant interest in the Approval Shares if and when they are issued.

(b) **An explanation of the reasons for the issue of the Approval Shares**

The FCA obliges the Company to seek Shareholder approval for the conversion of the Facility Limit to equity on the same terms as equity was issued under the recent Capital Raising.

The issue of the Conversion Shares and Quoted Options to C2V will satisfy the repayment of some of the outstanding monies under the FCA, resulting in amounts advanced by, or owed to, C2V (or its nominees) under the FCA (as debt) to be converted to equity.

If Resolution 2 is not approved by Shareholders, then the interest rate on existing and new advances under the FCA will increase from 10% to 15% per annum, and C2V will not be obliged to continue to make new advances (although repayment obligations for

existing advances will not be accelerated). Other advantages and disadvantages are described above.

The reason for the issue of Shares on the exercise of existing options and the vesting of the Performance Rights is that the holders of those convertible securities have an existing right to be issued Shares on the respective exercise or vesting.

(c) **When the issue of the Approval Shares is to occur**

If Resolutions 1 and 2 are passed, the Company proposes to enter into the Debt to Equity Agreement and grant the Quoted Options as soon as possible after the Meeting. The issue of the up to 75,000,000 Conversion Shares and up to 25,000,000 Quoted Options issued under the Conversion Agreement would then occur upon the exercise of conversion rights in the Conversion Agreement, the exercise of which can only occur prior to 31 December 2025 being the expiry date of the Conversion Agreement.

Up to 25,000,000 Shares may then be issued on the exercise of those Quoted Options on or before the 30 November 2025 expiry date of the Quoted Options. The other holders of Quoted Options described above may also exercise those options on or before the same expiry date.

Niall Cairns and Craig Cooper may exercise their respective Performance Rights upon the vesting conditions being met, resulting in the issue of a total of 2,000,000 Shares. The Performance Rights will vest upon the Company achieving an audited A\$10 million in revenue from third parties in any financial year prior to the expiry date.

(d) **Material terms of the Approval Shares**

The Conversion Shares are fully paid ordinary shares in the Company.

A summary of the key terms of the Quoted Options is set out in Schedule 1.

The Shares to be issued on conversion of the Quoted Options and Performance Rights will be fully paid ordinary shares, and will rank equally with the outstanding Shares of the Company on the relevant conversion date.

(e) **The voting power of the person and its associates would have as a result of the issue of the Approval Shares and the maximum extent of the increase in their voting power**

The current voting power of C2V and its associates, and the maximum extent of the increase in their voting power, is set out in detail in section 1.6 above.

(f) **Details of the terms of any other relevant agreement between C2V and the Company that is conditional on (or directly or indirectly depends on) Shareholder approval of the issue of the Approval Shares**

There are no relevant agreements in place between the Company and C2V (or its associates) other than the FCA and the Conversion Agreement.

(g) **Intentions of C2V regarding the future of the Company**

Other than as disclosed elsewhere in this Explanatory Memorandum C2V has confirmed to the Company that it (and its associates):

- (i) has no present intention of making any significant changes to the business of the Company;

- (ii) has no present intention to inject further capital into the Company, unless requested by the Company in the future;
 - (iii) has no present intention of making changes regarding the future employment of the present employees of the Company;
 - (iv) has no present intention to redeploy any fixed assets of the Company;
 - (v) has no present intention to transfer any property between the Company and itself;
 - (vi) has no present intention to change the Company's existing policies in relation to financial matters or dividends; and
 - (vii) has no present intention to change the Board.
- (h) **The identity, and qualifications of any person who is intended to or will become a director if Shareholders agree to the Acquisition**

There are no actual or intended changes to the Board as a consequence of the issue of the Approval Shares.

3.8. Recommendation

The independent directors, Mr Randall King Nelson and Mr Charlie Taylor, recommend that Shareholders vote in favour of Resolution 2.

4. RESOLUTIONS 3 AND 4 – APPROVAL OF DIRECTOR OPTIONS

4.1. Background

Shareholders are being asked to approve Resolutions 3 and 4 to allow Quoted Options to be issued to Mr. Randall King Nelson and Mr. Charles Taylor, as Non-executive Directors of the Company. The Board (in the absence of Mr. Nelson and Mr. Taylor) has considered that the proposed issues of the Quoted Options are relative to the services as a Non-executive Director at a level that is not expected to influence Mr. Nelson's and Mr. Taylor's conduct or services as Non-executive Directors.

Accordingly, the Company is proposing, subject to Shareholder approval, to issue Mr. Nelson 1,000,000 Quoted Options and Mr. Taylor 1,000,000 Quoted Options on the terms set out below.

4.2. ASX Listing Rule Requirements

A summary of ASX Listing Rules 10.11 and 7.2 exception 14 is set out in section 2.6 of the Explanatory Statement.

The issue of the Quoted Options to Mr. Randall King Nelson and Mr. Charles Taylor falls within ASX Listing Rule 10.11.1 and therefore requires the approval of Shareholders under ASX Listing Rule 10.11. Resolutions 3 and 4 seek the required Shareholder approval for the issue of Quoted Options under and for the purposes of ASX Listing Rule 10.11.

As Shareholder approval is being sought under ASX Listing Rule 10.11, approval is not also required under ASX Listing Rule 7.1 for the issue of Quoted Options under Resolutions 3 and 4.

4.3. Effect of Resolutions

In the event that Resolutions 3 and 4 are not passed, the Company will not be able to issue Options to the Non-executive Directors (or their nominees).

Where Resolutions 3 and 4 are passed, the Company will be able to issue Quoted Options to the Non-executive Directors (or their respective nominees).

These resolutions are not interdependent in that either Resolution 3 or 4 can be passed without both Resolutions 3 and 4 passing.

4.4. Information Required for ASX Listing Rule 10.11

In compliance with Listing Rule 10.13, the following information is provided in relation to Resolutions 3 and 4:

(a) **Nature of relationship between person to receive securities and the Company**

Mr. Randall King Nelson and Mr. Charles Taylor are related parties of the Company for the purpose of ASX Listing Rule 10.11.1 by virtue of being Directors.

(b) **Maximum number of securities that may be acquired pursuant to Resolutions 3 and 4**

The maximum number of Quoted Options to be issued:

- i. under Resolution 3, is 1,000,000 Quoted to Mr. Nelson; and
- ii. under Resolution 4, is 1,000,000 Quoted Options to Mr. Taylor.

(c) **Issue price**

The Quoted Options will be issued for no consideration.

(d) **Terms of the issue**

The Quoted Options will be issued on the following terms and conditions:

- i. the Quoted Options are issued upon Shareholder approval;
- ii. the exercise price is \$0.20 per Quoted Option;
- iii. the expiry date is 30 November 2025; and
- iv. otherwise on the terms and conditions summarised in Schedule 1.

(e) **Issue date**

The Quoted Options will be issued no later than one (1) month after the date of the EGM (or such alter date to the extent permitted by any ASX waiver or modifications of the ASX Listing Rules) and it is intended that the issue of the Quoted Options will occur on the same date.

(f) **Purpose of issue/ Use of funds raised**

The purpose of the issue of the Quoted Options to the Non-executive Directors is to remunerate non-executive directors (at no cash-cost to the Company) for additional time and commitments that will be required over the coming 12 months as the Company considers corporate growth related activities.

No funds will be raised from the issue of the Quoted Options the subject of Resolutions 3 and 4 (other than in respect of funds received on exercise of Quoted Options).

(g) **Remuneration**

Mr. Nelson's current total remuneration is US\$40,000 per annum.

Mr. Taylor's current total remuneration is A\$60,000 per annum.

(h) **Agreement**

None.

(i) **Voting exclusion statement**

A voting exclusion statement applies to Resolutions 3 and 4. Please refer to the voting exclusion statement under Resolutions 3 and 4 in the Notice for further information.

4.5. Corporations Act Requirements

Chapter 2E of the Corporations Act requires that for a public company to give a financial benefit to a related party (including directors of the company), the company must obtain approval of members in the manner set out in Sections 217 to 227 of the corporations Act and give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within exception set out in Sections 210 to 215 of the Corporations Act.

Having considered the circumstances of the Company and the related party as required by section 211 of the Corporations Act, the Directors (other than Mr. Nelson and Mr. Taylor) confirms that, in their opinion, the issue of 1,000,000 Quoted Options to Mr. Nelson and 1,000,000 Quoted Options to Mr. Taylor represents reasonable remuneration to Mr. Nelson and Mr. Taylor, and accordingly, the Company does not require shareholder approval pursuant to Chapter 2E of the Corporations Act.

4.6. Board Recommendation

The Directors (other than Mr. Nelson and Mr. Taylor) believe that the issue of Quoted Options to Mr. Nelson and Mr. Taylor is beneficial for the Company as it allows the Company to save on a cash payment of remuneration to the director. Accordingly, the Directors, other than Mr. Nelson and Mr. Taylor, recommend that Shareholders vote in favour of Resolutions 3 and 4.

5. RESOLUTION 5: ELECTION OF MR CHARLIE TAYLOR AS A DIRECTOR

5.1. General

Article 17.4 of the Constitution provides that the Directors may at any time appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors.

Article 17.3 of the Constitution provides that Directors must be appointed by Ordinary Resolution.

Article 17.4(b) and Listing Rule 14.4 both provide that a Director appointed as a casual vacancy or as an addition to the existing board of directors must not hold office without re-election past the next annual general meeting of the Company following the Director's appointment.

Accordingly, Charlie Taylor, a Director appointed on 1 March 2024, retires at this Meeting and, being eligible and offering himself for election, seeks election pursuant to this Resolution 5.

If Resolution 5 is passed, Mr Taylor will be elected as a Director of the Company with effect from the conclusion of the Meeting.

If Resolution 5 is not passed, Mr Taylor will not be elected as a Director of the Company.

5.2. Charlie Taylor

Mr Taylor is a recently retired Senior Partner of McKinsey with over 30 years' experience in local and international advisory for both private and public sector healthcare organisations. He joins the Board as an Australian based Director.

Prior to his retirement, Mr Taylor led the Health and Public Sector practice at McKinsey. He has advised many Australian and global private and public sector healthcare organisations on topics including strategy, digital health, operations and growth transformation, global expansion and supply chains, mergers and acquisitions, and board governance.

Mr Taylor has also initiated multi-year research efforts on healthcare, COVID response, and productivity and innovation. He has published multiple research articles and reports on global healthcare reform.

Mr Taylor's current roles include Non-executive Director of Healius (a leading Australian health diagnostics company), a part-time senior board advisor at McKinsey for the Health and Public Sector practice, a Director of MacLauglin River Pastoral Company, a member of the strategic advisory committee For Purpose Investment Partners, and Chair of the NSW Innovation and Productivity Commission.

5.3. Board recommendation

The Board (other than Mr Charlie Taylor who has a personal interest in the outcome of this Resolution) supports the election of Mr Taylor for the following reasons:

- (a) Mr Taylor has the necessary level of experience; and
- (b) Mr Taylor has an in-depth knowledge and understanding of the relevant sector the Company is in and the Company's business, and his role as a member of the Board will benefit the Company.

5.4. Additional information

Resolution 5 is an ordinary resolution.

The Board (other than Charlie Taylor who has a personal interest in the outcome of Resolution 5) recommend that Shareholders vote in favour of Resolution 5.

Glossary

AEST means Australian Eastern Standard Time, as observed in Sydney, NSW

Approval Shares has the meaning given in Section 3.

ASX means ASX Limited or the securities market operated by ASX Limited, as the context requires;

ASX Listing Rules means the official listing rules of ASX

A\$, AU\$ or \$ means the currency for the Australian dollar (AUD), the official currency for the Commonwealth of Australia, unless otherwise stated

Board means the board of Directors

C2V means C2 Ventures Pty Limited ACN 625 301 528

Capital Raising has the meaning given in Section 2.1

Chair means the chair of the Meeting

Company or **Cardiex** means Cardiex Limited ABN 62 113 252 234

Conversion Agreement means the proposed Debt to Equity Conversion Agreement between the Company and C2V, the terms of which are summarised in Schedule 2.

Conversion Shares means the up to 75,000,000 Shares that may be issued to C2V under the Conversion Agreement, as described in section 3.

Corporations Act means the *Corporations Act 2001* (Cth)

Director means a director of the Company

Entitlement Offer has the meaning given in Section 2.1

Equity Security has the meaning given in the ASX Listing Rules

Explanatory Statement means the explanatory statement that accompanies this Notice of Extraordinary General Meeting

Facility Limit has the meaning given in Section 2.1, as varied.

FCA means the Funding Commitment Agreement as described in Section 2.1

February EGM means the extraordinary general meeting of Shareholders held on 1 February 2024

Meeting, General Meeting or **Extraordinary General Meeting** means the general meeting convened by this Notice of Extraordinary General Meeting

Notice or **Notice of Meeting** or **Notice of General Meeting** means this notice of Extraordinary General Meeting

Option means an option to acquire an unissued Share

Performance Right means a right to be issued one Share for nil exercise price upon specified vesting conditions being satisfied

Placement has the meaning given in Section 2.1

Proxy Form means the proxy form enclosed with this Notice

Resolution means a resolution contained in this Notice

Quoted Options means Options on the terms and conditions set out in Schedule 1, being the same terms and conditions as the class of options set out in the Company's 19 December 2023 prospectus for the Entitlement Offer.

Section means a section of the Explanatory Statement

Share means a fully paid ordinary share in the Company

Shareholder means the holder of a Share

SCHEDULE 1 – TERMS AND CONDITIONS OF QUOTED OPTIONS

- (a) **(Entitlement):** Each Quoted Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **(Exercise Price):** The Options have an exercise price of \$0.20 per Option (**Exercise Price**).
- (c) **(Expiry Date):** The Options expire at 5.00pm (Sydney time) on 30 November 2025 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **(Exercise Period):** The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
- (e) **(Quotation of the Options):**
 - (i) The Company will apply for quotation of the Options on ASX. However, the Options will only be admitted to official quotation by ASX if the conditions for quotation of a new class of securities are satisfied.
 - (ii) If official quotation of the Options is not granted by ASX in accordance with paragraph (e)(i) above, the Options will not be quoted.
- (f) **(Notice of Exercise):** The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

The Options held by each holder may be exercised in whole or in part, and if exercised in part, at least 2,500 must be exercised on each occasion.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

- (g) **(Timing of issue of Shares on exercise):** Within 5 Business Days after the Exercise Date the Company will:
 - (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
 - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.
- (h) **(Transferability):** The Options are freely transferable from the date of issue, subject to any restriction or escrow arrangements imposed by ASX or under Australian securities laws and paragraph (i) below.
- (i) **(Restrictions on transfer of Shares):** If the Company is required but unable to give ASX a notice under paragraph (g)(ii), or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, Shares issued on exercise of Options may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

- (j) **(Shares issued on exercise)**: Shares issued on exercise of the Options will rank equally with the then Shares of the Company.
- (k) **(Quotation of Shares on exercise)**: If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options in accordance with the Listing Rules.
- (l) **(Reconstruction of capital)**: If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (m) **(Participation in new issues)**: There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (n) **(Change in exercise price)**: There will be no change to the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).
- (o) **(Adjustment for bonus issues of Shares)**: If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.

SCHEDULE 2 – SUMMARY OF DEBT TO EQUITY CONVERSION AGREEMENT

1.	Issuer	Cardiex Limited (Company)
2.	Lender	C2 Ventures Pty Limited (C2V)
3.	Principal Outstanding	<p>Principal Outstanding means, at any time, the aggregate outstanding amount of the loans advanced by C2V to the Company under the Funding Commitment Agreement (FCA).</p> <p>Any loans which have been drawn down under the FCA and have subsequently been repaid or otherwise converted into equity securities (including via a placement, participation in an entitlement offer or other capital raising, underwriting or sub-underwriting a capital raising) will no longer form part of the Principal Outstanding.</p>
4.	C2V's equity conversion right	C2V has the right, subject to applicable law and shareholder approvals (see item 7 below), to convert Principal Outstanding to equity securities calculated in accordance with item 6.
5.	Conversion limit	<p>The maximum amount that can be converted into Conversion Securities by C2V is equal to:</p> <p>(a) the Principal Outstanding at the time of that conversion request; plus</p> <p>(b) any undrawn portion of the Facility Limit that is available under the FCA, by way of C2V advancing the relevant amount to the Company as subscription money.</p> <p>As at the date of this summary, the maximum amount that could be drawn down and converted to equity is \$6,000,000.</p>
6.	Company's right to convert debt to equity	The Company may also elect to convert any Principal Outstanding to equity on the same terms, at any time before the Principal Outstanding is due for repayment.
7.	Conversion Shares	<p>On conversion of debt to equity by either C2V or the Company, C2V will be issued in satisfaction of the relevant amount of Principal Outstanding a number of Shares equal to the conversion amount divided by \$0.08 (Conversion Shares). Every 3 Conversion Shares so issued will also entitle C2V to have the benefit of 1 Quoted Option – see item Error! Reference source not found. below.</p> <p>This represents a maximum of 75,000,000 Conversion Shares that may be issued on conversion if the FCA facility is fully drawn.</p>
8.	Quoted Options	<p>Subject to shareholder approval and execution of the Debt to Equity Conversion Agreement, the Company will issue 25,000,000 Quoted Options to C2V. The Quoted Options will have the same terms and conditions as the Company's existing class of quoted options (CDXOA), but will be subject to a contractual restriction on C2V exercising, selling, transferring, using as collateral, or otherwise disposing of those Quoted Options except to the extent that an appropriate number of Conversion Shares are issued. In other words, for every 3 Conversion Shares that are issued to C2V, the contractual restriction will cease to apply to 1 Quoted Option.</p> <p>If any Quoted Options remain subject to the restriction on exercise, sale, transfer, use as collateral, or disposal at the expiry date of the Quoted Options, those Quoted Options will expire unexercised.</p>

9.	Shareholder approvals for Conversion Shares and Quoted Options	<p>Issue of Conversion Shares and Quoted Options is conditional on:</p> <p>(a) Conversion Shares: the Company obtaining shareholder approval for the purpose of section 611 item 7 of the Corporations Act; and</p> <p>(b) Quoted Options: the Company obtaining shareholder approval for the purpose of Listing Rule 10.11. This means that the Quoted Options will have to be issued within 1 month after the shareholder approval in order to comply with Listing Rule 10.13.5.</p>
10.	Termination of conversion rights	<p>The conversion right may be used by either C2V or the Company until the maturity date of the FCA facility, namely 31 December 2025. After that date any Principal Outstanding will be due and owing by the Company to C2V.</p>
11.	Reconstruction of capital	<p>If the issued capital of the Company is reconstructed before the exercise of conversion rights by either C2V or the Company, the issue price for the Conversion Shares will be changed in a manner consistent with the Corporations Act and the ASX Listing Rules (including in respect of bonus issues) at the time of the reconstruction.</p>
12.	Compliance with law generally	<p>The conversion right may not be exercised (by either the Company or C2V) to the extent that the issue of Conversion Shares would result in:</p> <p>(a) C2V or any other person acquiring shares in breach of the takeover restrictions in section 606 of the Corporations Act where none of the exceptions in section 611 of the Corporations Act (such as item 7) apply; or</p> <p>(b) a person acquiring shares where a notification or consent being required to be sent to, or consent is required under, any legislation by which the Company and its related bodies corporate are bound has not been obtained.</p>

SCHEDULE 3 - INDEPENDENT EXPERT'S REPORT

Independent Expert's Report

CardieX Limited

16 April 2024

The Proposed Transaction is not fair but reasonable to the Non-Associated Shareholders of CardieX Limited

Prepared by Moore Australia Corporate Finance (WA) Pty Ltd

Australian Financial Services License No. 240773



MOORE AUSTRALIA CORPORATE FINANCE (WA) PTY LTD**Australian Financial Services License No. 240773****FINANCIAL SERVICES GUIDE**

This Financial Services Guide provides financial information about the supply of financial services to the shareholders of CardieX Limited ("CardieX", or "the Company"). We have been engaged by CardieX to prepare an Independent Expert's Report in connection with the issue of shares to related party and substantial shareholder, C2 Ventures Pty Ltd ("C2V") under the Debt to Equity Conversion Agreement (the "Proposed Transaction"). Our report has been prepared at the request of the Directors of CardieX for inclusion in the Notice of Meeting to be dated on or around 17 April 2024.

Moore Australia Corporate Finance (WA) Pty Ltd

Moore Australia Corporate Finance (WA) Pty Ltd ("MACF") has been engaged by the directors of CardieX to prepare an independent expert's report expressing our opinion as to whether or not the Proposed Transaction is "fair and reasonable" to the Non-Associated Shareholders of CardieX. MACF holds an Australian Financial Services Licence – Licence No 240773.

Financial Services Guide

As a result of our report being provided to you, we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). The FSG includes information on the use of general financial product advice and is issued to comply with our obligations as holder of an Australian Financial Services Licence.

Financial Services we are licensed to provide.

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, and to carry on a financial services business to provide general financial product advice for securities to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with the issue of securities of a company or other entities.

Our report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our report as a retail client because of your connection with the matters on which our report has been issued. We do not accept instructions from retail clients and do not receive remuneration from retail clients for financial services.

Our report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in this report.

General Financial Product Advice

Our report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without considering your particular personal circumstances or objectives either financial or otherwise, your financial position or your needs. Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the Proposed Transaction may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that we may receive.

We will charge fees for providing our report. The basis on which our fees will be determined has been agreed with, and will be paid by, the person who engaged us to provide the report. Our fees have been agreed on either a fixed fee or time cost basis. We estimate that our fees for the preparation of this report will be approximately \$35,000 plus GST.

Remuneration or other benefits received by our employees.

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of MSPCS or related entities, but any bonuses are not directly in connection with any assignment and in particular are not directly related to the engagement for which our report was provided.

Referrals

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

MACF is the licensed corporate advisory arm of Moore Australia Perth, Chartered Accountants. The directors of MACF may also be partners in Moore Australia Perth Chartered, Accountants.

Moore Australia Perth, Chartered Accountants is comprised of a few related entities that provide audit, accounting, tax, and financial advisory services to a wide range of clients.

MACF's contact details are set out on our letterhead.

Neither MACF nor its related entities have previously provided any professional services to CardieX Group Limited.

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, Moore Australia Corporate Finance (WA) Pty Ltd, PO Box 5785, St George's Terrace, Perth WA 6831.

On receipt of a written complaint, we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical.

If we cannot reach a satisfactory resolution, you can raise your concerns with the Australian Financial Complaints Authority Limited ("AFCA"). AFCA is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. MACF is a member of AFCA. AFCA may be contacted directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne VIC 3001
Toll free: 1800 931 678
Facsimile: 03 9613 6399
Email: info@afca.org.au

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16 April 2024

The Directors
CardieX Limited
Suite 301
55 Lime Street
Sydney NSW 2000

Dear Directors

Independent Expert's Report

1. Introduction

- 1.1. This Independent Expert Report ("IER") has been prepared to accompany the Notice of Meeting to be provided to shareholders for a general meeting of CardieX Limited ("CardieX" or the "Company") at which shareholder approval will be sought for the Proposed Transaction.
- 1.2. On 3 November 2023, CardieX entered into a Funding Commitment Agreement ("FCA") with C2 Ventures Pty Ltd ("C2V") in which C2V (and/or its nominees) will provide an unsecured loan facility to CardieX of up to AU\$7,500,000 (the "Facility Limit"). The FCA was varied on 14 March 2024 to increase the facility limit to AU\$8,466,434. The FCA stated that some or all of the outstanding balance on the Facility may be repaid via the issue of shares in CardieX to C2V, subject to shareholder approval. The undrawn balance on the FCA as at the date of this Report is AU\$6,000,000.
- 1.3. To formally document the conversion of debt to equity under the FCA, CardieX is seeking shareholder approval to enter into a Debt to Equity Conversion Agreement ("Conversion Agreement") for the conversion of debt to equity from time to time. The Conversion Agreement gives C2V and CardieX the right to convert the outstanding balance of the Facility Limit to ordinary fully paid shares at AU\$0.08 per share and 1 quoted option for every 3 ordinary shares.
- 1.4. Upon conversion of the debt, the maximum number of securities in CardieX that could be issued to C2V is 75,000,000 ordinary shares and 25,000,000 quoted options, which could increase C2V's relevant interest in CardieX from 23.35% prior to the Proposed Transaction to 38.92% post the Proposed Transaction (the "Proposed Transaction")
- 1.5. Further details of the Proposed Transaction are set out in Section 3.

2. Summary and opinion

Purpose of the Report

- 2.1. Section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting power increasing from a starting point below 20% to an interest above 20% or from a starting point of above 20% to an increased percentage, other than under limited exceptions.
- 2.2. Completion of the Proposed Transaction is expected to result in entities related to, and associated with C2V, together holding voting power in CardieX of up to a maximum of 38.92%.
- 2.3. Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 of the Act does not apply if the Proposed Transaction has been approved by the Non-Associated Shareholders of the Company. Accordingly, the Company is seeking approval from the Non-Associated Shareholders for the Proposed Transaction under Item 7 of Section 611 of the Act.

- 2.4. Where an issue of shares by a company otherwise prohibited under section 606 of the Act is approved under item 7 of section 611, and the effect on the company shareholding is comparable to a takeover bid, such as the Proposed Transaction, RG 111 states that the transaction should be analysed as if it was a takeover bid.
- 2.5. C2V is an entity controlled by the CardieX directors, Mr Niall Cairns and Mr Craig Cooper. The issue of shares to C2V will therefore require approval of the Non-Associated Shareholders of CardieX under ASX Listing rule 10.11 as C2V is a related party of CardieX.
- 2.6. As such, the directors of CardieX have engaged Moore Australia Corporate Finance (WA) Pty Ltd (“MACF”) being independent and qualified for the purpose, to prepare an Independent Expert’s Report to express an opinion as to whether the Proposed Transaction is fair and reasonable to the shareholders of CardieX not associated with the Proposed Transaction (the “Non-Associated Shareholders”).
- 2.7. Our assessment of the Proposed Transaction relies on financial information and instructions provided by the Company and the Directors. We have critically analysed the information provided to us, but we have not completed any audit or due diligence of the information which has been provided for the entities which have been valued. This report does not contain any accounting or taxation advice.

Approach

- 2.8. Our report has been prepared having regard to Australian Securities & Investments Commission (“ASIC”) Regulatory Guide 111 *Content of Expert’s Reports* (“RG 111”) and Regulatory Guide 112 *Independence of Expert’s* (“RG 112”).
- 2.9. In arriving at our opinion, we have assessed the terms of the Proposed Transaction, as outlined in the body of our report, by considering the following.
- How the value of a CardieX share following the Proposed Transaction (on a minority basis) compares to the value of a CardieX share prior to the Proposed Transaction (on a control basis) being provided;
 - Advantages and disadvantages of approving the Proposed Transaction;
 - The likelihood of a superior alternative Proposed Transaction being available to CardieX;
 - Other factors which we consider to be relevant to the shareholders of CardieX in their assessment of the Proposed Transaction; and
 - The position of the shareholders of CardieX should the Proposed Transaction not be successful.
- 2.10. Further information on the approach we have employed in assessing whether the Proposed Transaction is “fair and reasonable” is set out at Section 4 of this Report.

Opinion

- 2.11. We have considered the terms of the Proposed Transaction as outlined in the body of our report and have concluded that the Proposed Transaction is not fair but reasonable to the Non-Associated Shareholders of CardieX, as set out in Sections 11 and 12 of this Report.

Fairness

- 2.12. Our assessed values are summarised in the table below.

	Section	Low Value AU\$	High Value AU\$
Assessed Fair Value of a CardieX share prior to the Proposed Transaction on a controlling basis	9	0.040	0.104
Assessed Fair Value of a CardieX share post the Proposed Transaction on a minority basis	10	0.037	0.080

Source: MACF analysis

- 2.13. In the absence of any other relevant information, in our opinion, this indicates that the Proposed Transaction is not fair to the Non-Associated Shareholders of CardieX as the low and high assessed fair values of a CardieX share post the Proposed Transaction are less than the low and high assessed fair values of a CardieX share prior to the Proposed Transaction. This is primarily due to the calculation of the value of a CardieX share prior to the Proposed Transaction being on a controlling basis and on a minority basis post the Proposed Transaction.

Reasonableness

- 2.14. RG 111 establishes that an offer is reasonable if it is fair. It may also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the Proposed Transaction in the absence of a higher bid before the Proposed Transaction closes. We have considered the analysis in Section 11 of this report, in terms of both:
- Advantages and disadvantages of the Proposed Transaction; and
 - Other considerations if the Proposed Transaction is successful and the position of shareholders of CardieX if they are not successful.
- 2.15. In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than if they are not approved. We are of this opinion because the Proposed Transaction provides CardieX with access to cash in order to advance its business operations.
- 2.16. The advantages and disadvantages considered are summarised below. A detailed explanation can be found in Section 12.

Advantages of approving the Proposed Transaction

- The Proposed Transaction provides CardieX with access to up to AU\$7,500,000 cash to advance its product development. If the Proposed Transaction is not approved, then CardieX may need to seek alternative funding.
- The Proposed Transaction is on the same terms as the recently completed Entitlement Offer and Placement and therefore is not issued at a discount.
- The Conversion Agreement will give CardieX the right to convert the outstanding debt under the FCA to equity at any time prior to the expiry date, even if this is at a premium to the CardieX share price at the time.
- If the Proposed Transaction is approved, the interest rate applicable under the FCA will remain at 10% per annum, rather than increasing to 15% per annum if the Proposed Transaction is not approved.

Disadvantages of approving the Proposed Transaction

- The Proposed Transaction is not fair to the Non-Associated Shareholders of CardieX as C2V has not paid a premium for control.
 - Under the Proposed Transaction, Non-Associated Shareholders' interest will decline from 76.65% to 61.08% (assuming the debt conversion by C2V only). If C2V also exercised its options and converted 2,000,000 Performance Rights that are expected to vest within the next 12 months, then the Non-Associated Shareholders' interest will decline to 54.77%.
 - C2V will have the power to block the passing of a special resolution in the Company and will have effective control over the Company.
 - The Conversion Agreement will give C2V the right to convert the outstanding debt to equity any time prior to the expiry date, even if at a discount to the CardieX share price at the time.
- 2.17. Other key matters we have considered include:
- We are not aware of any alternative offers.

3. Summary of the Proposed Transaction

- 3.1. On 3 November 2023, CardieX entered into a Funding Commitment Agreement (“FCA”) with C2V in which C2V (and/or its nominees) will provide an unsecured loan facility to CardieX of up to AU\$7,500,000 (the “Facility Limit”) with a maturity date of 31 December 2025. The FCA was varied on 14 March 2024 to increase the facility limit to AU\$8,466,434. The FCA states that some or all of the outstanding balance on the Facility may be repaid via the issue of shares in CardieX to C2V, subject to shareholder approval. The undrawn balance on the FCA as at the date of this Report is AU\$6,000,000.
- 3.2. In order to formally document the conversion of debt to equity under the FCA, CardieX is seeking shareholder approval to enter into a Debt to Equity Conversion Agreement (“Conversion Agreement”) with C2V in which C2V has the right to convert the outstanding balance of the Facility Limit (including any capitalised interest) to ordinary fully paid shares at AU\$0.08 per share and 1 quoted option for every 3 new shares subscribed for. The Conversion Agreement also gives CardieX the right to convert the debt. The issue price under the Conversion Agreement is on the same terms as the Prospectus noted below. The Conversion Agreement expires on 31 December 2025.
- 3.3. Upon the conversion of the debt by C2V, the maximum number of securities in CardieX that could be issued to C2V is 75,000,000 ordinary shares and 25,000,000 quoted options, which could increase C2V’s relevant interest in CardieX from 23.35% prior to the Proposed Transaction to 38.92% post the Proposed Transaction (the “Proposed Transaction”)
- 3.4. Under the FCA, if shareholder approval is not obtained for the Proposed Transaction, then the interest rate applicable to the outstanding balance under the FCA will increase from 10% to 15% per annum. C2V will not be obligated to make any additional advances under the FCA.
- 3.5. On 19 December 2023, CardieX lodged a Prospectus for the non-renounceable pro-rata offer to eligible shareholders on the basis of 1 new share for every 2.87 existing shares held at an issue price of AU\$0.08 per share, together with 1 quoted option for every 3 new shares subscribed for to raise up to AU\$4,000,000 (the “Entitlement Offer”) and a Placement of up to 50,000,000 new shares at an issue price of AU\$0.08 per share, together with 16,666,667 quoted options to raise up to AU\$4,000,000 (the “Placement”) (the “Prospectus”).
- 3.6. On 18 January 2024, CardieX entered into a Commitment and Underwriting Agreement (“CUA”) with C2V whereby C2V unconditionally committed to subscribing to its full Entitlement of 8,893,518 new CardieX shares and 2,964,506 attaching options at AU\$0.08 per share and to underwriting a maximum of 12,500,000 shares at AU\$0.08 per share in relation to any Shortfall Securities offered under the Prospectus.
- 3.7. The Entitlement Offer and Placement closed on 1 February 2024 fully subscribed, with C2V and its associates subscribing for 20,955,436 shares under the Entitlement Offer at AU\$0.08 per share to raise AU\$1,676,435 and 9,875,000 shares under the Placement at AU\$0.08 per share to raise AU\$790,000.

Rationale for the Proposed Transaction

- 3.8. Completion of the Proposed Transaction will provide funding to advance the operations, market development and working capital of CardieX.

Impact of Proposed Transaction on CardieX's Capital Structure

- 3.9. The table below summarises the total number of ordinary shares that CardieX will have on issue on completion of the Proposed Transaction.

	Ref	Prior to the Proposed Transaction No of Ordinary Shares	Post the Proposed Transaction ¹ No of Ordinary Shares	Post the Proposed Transaction ^{1,2} No of Ordinary Shares
Shares on issue at the date of this Report		294,174,568	294,174,568	294,174,568
Maximum conversion of the FCA	3.3	-	75,000,000	75,000,000
Conversion of Performance Rights	1	-	-	2,000,000
Exercise of Options	2	-	-	40,518,481
Total number of shares on issue		294,174,568	369,174,568	411,693,049

¹Assumes Debt Conversion by C2V.

²Assumes conversion of 2,000,000 performance rights (expected to vest on completion of the FY24 financial statement audit) and exercise of 40,518,481 options held by C2V and its associates. Assumes that no other performance rights vest, or options are exercised by any other option holders. Note that there are an additional 4,000,000 performance rights on issue to C2V's associates which have been excluded from this calculation as they are not considered likely to vest prior to the expiry date.

- 3.10. The table below summarises the impact of the Proposed Transaction for CardieX shareholders:

Prior to the Proposed Transaction			Post the Proposed Transaction					
Shareholder	No of Ordinary Shares Held	%	Shareholder	No of Ordinary Shares Held ¹	%	Shareholder	No of Ordinary Shares Held ^{1,2}	%
Non-Associated Shareholders	225,484,738	76.65	Non-Associated Shareholders	225,484,738	61.08	Non-Associated Shareholders	225,484,738	54.77
C2V and associates	68,689,830	23.35	C2V and associates	143,689,830	38.92	C2V and associates	186,208,311	45.23
Total Ordinary Shares on Issue	294,174,568	100.0	Total Ordinary Shares on Issue	369,174,568	100.0	Total Ordinary Shares on Issue	411,693,049	100.0

¹Assumes Debt Conversion by C2V.

²Assumes conversion of 2,000,000 performance rights (expected to vest on completion of the FY24 financial statement audit) and exercise of 40,518,481 options held by C2V and its associates. Assumes that no other options are exercised by any other option holders. Note that there are an additional 4,000,000 performance rights on issue to C2V's associates which have been excluded from this calculation as they are not considered likely to vest prior to the expiry date.

- 3.11. On completion of the Proposed Transaction, C2V's relevant interest in CardieX will increase from 23.35% to a maximum of 38.92%, prior to the conversion of performance rights and the exercise of options held by C2V and its associates. If we assumed that C2V converted its performance rights which have vested (subject to audit) and exercised all of its options (which are out of the money with exercise prices of AU\$0.20 and AU\$0.45 per option, C2V's relevant interest would increase to a maximum of 45.23%.

4. Scope of the report

Regulatory guidance

- 4.1. The Corporations Act and Listing Rules do not define the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable; we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider assisting security holders to make informed decisions about transactions.
- 4.2. This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.
- 4.3. In our opinion, the Proposed Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Proposed Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to the shareholders of CardieX.

Adopted basis of evaluation

- 4.4. RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the value of the asset being acquired. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- 4.5. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for Non-Associated Shareholders to accept the Proposed Transaction in the absence of any higher bid.
- 4.6. Having regard to the above, MACF has completed this comparison as follows:
 - A comparison between the value of a CardieX share prior to the Proposed Transaction to the value of a CardieX share post the Proposed Transaction (fairness – see Section 11 – Assessment of Fairness);
 - An investigation into other significant factors to which Non-Associated Shareholders might give consideration, prior to approving the Proposed Transaction, after reference to the values derived above (reasonableness – see Section 12 - Assessment of Reasonableness).

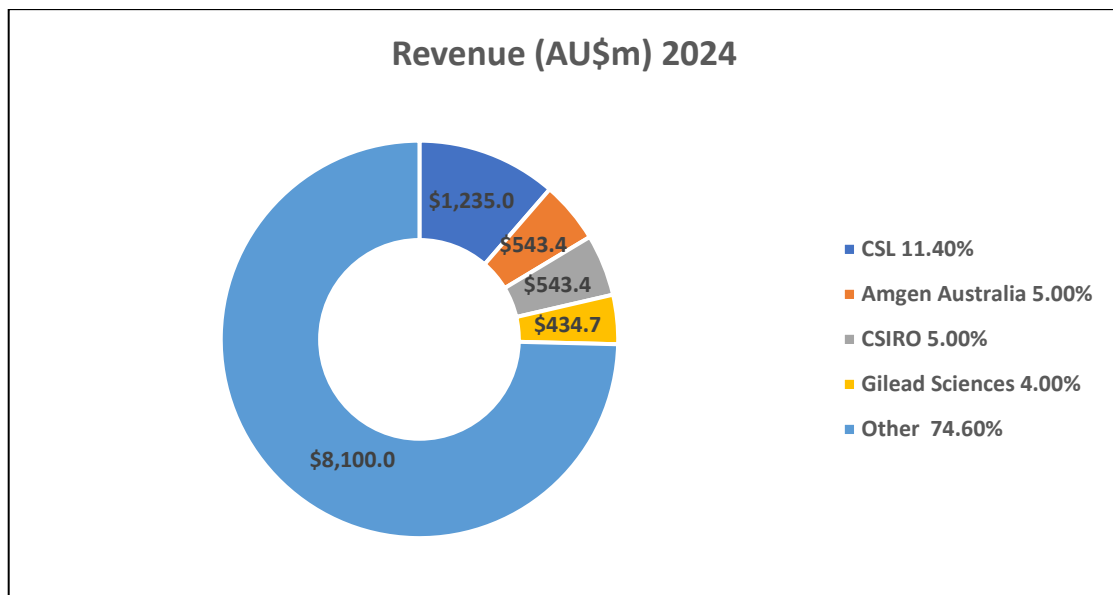
5. Industry Analysis

CardieX & Biotechnology

- 5.1. Biotechnology is the field of science that combines technology with living organisms to beneficially alter the lives of those involved. The industry ranges from research and development, licensing, product manufacturing and product wholesaling.
- 5.2. CardieX designs, manufacturers and markets medical devices focuses on cardiovascular health management in the Americas, Europe, Asia and the pacific. CardieX specialises in biometric technology which studies the measurements and calculations related to the human body and its characteristics. Biometric technology is a sub section of the broader Biotechnology industry and in CardieX's case measures arterial health by collecting digital vascular biomarkers using novel sensors.

Industry Structure

- 5.3. Biotechnology is a relatively new industry in Australia, being relevant only in the last 3 decades. The industry is commonly seen as controversial and highly regulated with high barriers to entry. With biotechnology becoming more and more relevant, government policy and regulation is expected to maintain and impose stricter regulations.
- 5.4. The concentration within the industry is relatively low with three quarters of the entire market share being shared between a significant number of startup and mid-tier firms. The largest player in market share is CSL which only takes up 11.4% of the total share, other than CSL no other company holds more than 5% market share in the industry¹.



Source: Biotechnology in Australia, IBISWorld Report January 2024

- 5.5. The therapeutic Goods Administration (TGA) is responsible for regulating medicines and medical devices, including biological medicines and biosimilars containing biotechnology-derived proteins as the active substance. All devices that are classified as medical device must obtain certification from the TGA via a conformity assessment and are then included in the Australian Register of Therapeutic Goods (ARTG).

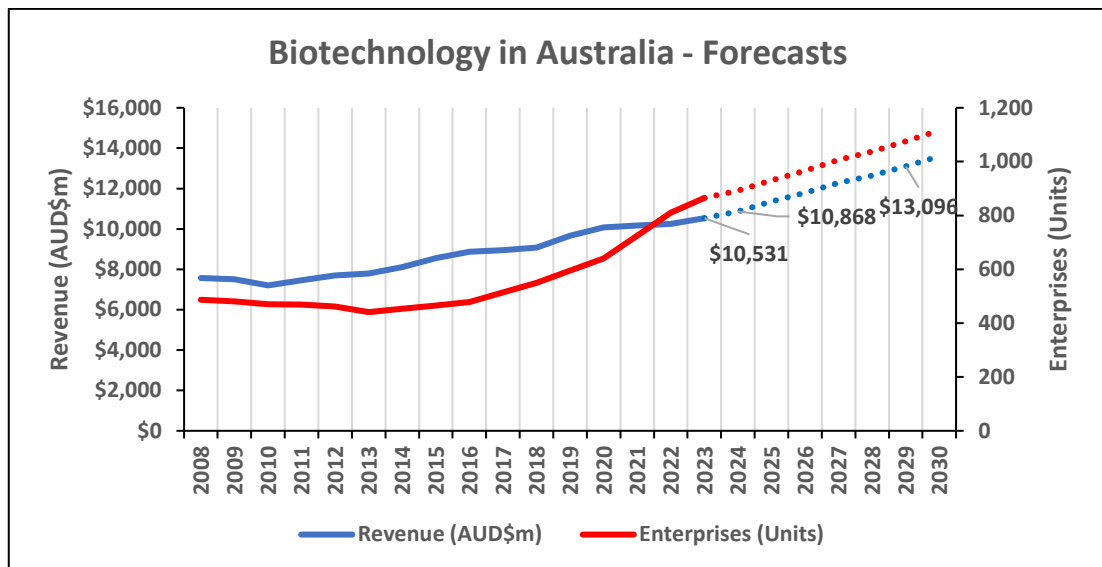
Key Drivers

- 5.6. The biggest key drivers behind industry growth in Biotechnologies in Australia included Private R&D & total Health Expenditures. Biotech requires significant funding from both private and public entities to commercialise their products and activities. Any reduction in funding is likely to threaten the industry, in mid-2022 in the onset of interest rate hikes and drops in business

¹ Biotechnology in Australia, IbisWorld Report, January 2024

confidence led to reductions in investment in the 2023 financial year. Biotechnology also closely relates to health expenditure and like R&D the biotech industry grows alongside increases in health expenditures.

- 5.7. Business confidence plays a substantial role in the performance of the biotechnology industry in Australia. Well performing stock markets and business confidence help biotech companies raise capital and secure funding in early stages of development.
- 5.8. Another important aspect is the 70 and over ago demographic. In a country with high and rising life expectancies arising from efficient medical and healthcare has led to significant numbers of people living past the age of 70. Consequently, demand for increases in life-enhancing and life-extending products is rising. As the 70 and over demographic rises demand for new healthcare solutions. Such as biotechnology, will also rise.
- 5.9. The Covid pandemic increased demand and funding for biotechnology companies to develop solutions for prevention and treatment for the virus. With an increasing aging population in need of more efficient medical devices and treatment to further enhance life industry revenue is expected to earn an annualised rate of 2.4% of the five years ending FY2024 to a total of \$10.9bn. This trend includes the expected revenue growth of 3.2% in FY2024².
- 5.10. With growing demand for solutions to unmet medical needs and illness prevention the biotechnology industry in Australia is expected to expand substantially in the next 5 years. Industry revenue is expected to grow at an annualised rate of 3.8% over the five years from FY2024 TO FY2029 to \$13.1bn².



Source: Biotechnology in Australia, IBIS Report January 2024

6. Profile of CardieX

Background

- 6.1. CardieX specialises in designing, manufacturing, and marketing medical devices tailored for cardiovascular health management in America, Europe, Asia, and the Pacific regions. This technology enables CardieX to assess arterial health by gathering digital vascular biomarkers through innovative sensor systems.
- 6.2. The Company was founded in 1994 and listed on the ASX in November 2005 following an IPO. In May 2018 the Company changed its name from Atcor Medical Limited to CardieX Limited and began trading under the ASX ticker code CDX.

² Biotechnology in Australia, IbisWorld Report, January 2024



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- 6.3. The Company has a range of intellectual property (“IP”) and technology registered in both the USA and Australia which provide data relating to athletic capacity, arterials stiffness, arterial age, and other consumer health diagnostic parameters which have been published in over 2,000 peer-reviewed studies.
- 6.4. CardieX current holds 23 issued and unexpired USA and international patents and 8 pending non-provisional USA and international patent applications. It also holds 31 USA and international trademark registrations and 22 pending US and international trademark applications.

ATCOR

- 6.5. The ATCOR division pioneered the SphygmoCor patented technology and focuses on servicing specialist health care providers, on-site clinical trials, research programs, and hospital networks with a variety of proprietary vascular biomarker solutions. ATCOR’s solutions have been used in 46 pharmaceutical clinical trials to-date, spanning over 1,700 global study sites, and been featured in over 2,000 peer-reviewed studies published in leading medical journals.
- 6.6. The ATCOR range of products have been in existence for more than 20 years and are used by clinicians, research institutions and for clinical trials.
- 6.7. The ATCOR range will gradually be phased out as the future generations of the CONNEQT Pulse will have at least the same capabilities as the ATCOR range. The same technology will be used to advance the CONNEQT range of products.
- 6.8. All revenue recognised in the historical financial statements for CardieX relate to the ATCOR product range.

CONNEQT

- 6.9. The CONNEQT range of products include devices and digital solutions strategically targeted to consumer health, general health care providers, remote patient monitoring, decentralised clinical trials and home health. It is designed for home use (Pulse) or as a wearable (Band) with use expected for clinicians and clinical trials for remote patient monitoring.
- 6.10. The CONNEQT Pulse is a prescribed product with FDA approval obtained for sales to clinicians. Separate FDA approval is being sought for direct to consumer sales. The CONNEQT Pulse is expected to be launched commercially in Q4 of FY24. Each unit will require a subscription to the app or portal to generate recurring revenue.
- 6.11. The CONNEQT Band is a wearable product intended to be a direct to consumer. CardieX are in the process of seeking FDA approval for this product, with FDA submission expected in Q1 FY2025. Each unit will require a subscription to the app or portal to generate recurring revenue.
- 6.12. No revenue has been recognised for the CONNEQT range to 31 December 2023, and the products have not yet been released for commercial sale.

Blumio

- 6.13. During the year ended 30 June 2023, CardieX acquired the assets of Blumio Inc (“Blumio”), a wearable sensor start-up company with technology related to cardiovascular sensors, with the aim that this technology will help to improve the clinical performance of CardieX’s products. The consideration paid was:
 - US\$100 cash payable on 15 November 2022;
 - US\$150,000 in the form of fully paid ordinary shares in CardieX to the holders of certain convertible notes in Blumio. 50% of the note consideration was payable 9 months from 15 September 2022 and the remaining 50% payable 18 months from 15 September 2022. These amounts were fully settled during February 2024.
- 6.14. The assets acquired included customer contact details, intellectual property including patents, research data, software etc.

Group Structure

6.15. CDX has an interest in the following subsidiaries:

Entity	Country of Incorporation	Ownership
CardieX Limited		
CardieX (Shanghai) Medical Technology Co. Ltd.	China	100%
Atcor Medical Pty Ltd.	Australia	100%
Atcor Medical Inc.	USA	100%
CONNQET Health Inc.	USA	100%

Source: CardieX FY23 annual report

Board of Directors

6.16. The current Board of Directors are:

Name	Title	Experience
Niall Cairns	Executive Chairman & Director	Mr Cairns is a Sydney based technology growth company director and investor with over 25 years of track record of experience in restructuring and exits in listed and unlisted companies. As a founding partner of Nanyang Ventures, Kestrel Capital and C2 Ventures, he has managed institutional and private capital and has experience in sectors including Agtech, Medtech, digital and SaaS based businesses.
Craig Cooper	Executive Director, Chief Executive Officer	Mr Cooper has founded a number of health, digital media, technology, and wellness businesses – and was also the co-founder of the telecommunications company Boost Mobile in the USA. He is recognised as an expert 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 global digital media technology companies including BuzzFeed and The Huffington Post.
Randall King Nelson	Non-Executive Director	Mr King brings more than 30 years of 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 specialised in devices for the cardiovascular system. Prior to that, he spent 19 years with Baxter International and American Hospital Supply Corporation in roles with responsibility that included division president for Dade Diagnostics, Bentley Labs, and Baxter's Perfusion Services. Mr King is also currently CEO and Director of Q'Apel Medical, a medical device company focused on Neurovascular disease.
Charlie Taylor	Non-Executive Director	Mr Taylor retired as a senior partner from McKinsey and Company with over 30 years of experience in private and public sector advisory in the healthcare industry. He is now a senior board advisor for the health and public sector at McKinsey. He was appointed to the board of CardieX effective 1 March 2024.

Historical Financial Information

- 6.17. We have not undertaken a review of CardieX's historical financial information in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information.
- 6.18. The information below provides a summary of the financial performance and position of CardieX extracted from the audited financial statements of the Company for the years ended 30 June 2021, 30 June 2022, and 30 June 2023. The financial information for the six months ended 31

December 2023 has been extracted from the reviewed interim financial statements for the period then ended.

- 6.19. The auditors of CardieX included an emphasis of matter regarding a material uncertainty relating to the going concern position of the Company on the financial statements for the year ended 30 June 2023 and the six months ended 31 December 2023.

Historical Statement of Financial Performance

- 6.20. The information below provides a summary of the financial performance of CardieX for the years ended 30 June 2021, 30 June 2022, and 30 June 2023 and the six months ended 31 December 2023.

Consolidated Financial Performance		FY21	FY22	FY23	H1FY24
	Ref	Audited	Audited	Audited	Reviewed
		AU\$	AU\$	AU\$	AU\$
Income					
Revenue	<i>i</i>	5,257,624	4,066,982	4,604,284	9,471,303
Other income	<i>ii</i>	355,195	1,399,935	1,411,884	1,049,525
Total Income		5,612,819	5,466,917	6,016,168	10,520,829
Expenses					
Cost of goods sold		905,282	1,006,703	905,849	344,216
Bad debt		41,911	373	(10,513)	16,405
Marketing & sales		182,167	1,540,278	1,272,099	76,615
Product development & regulatory expense		918,112	2,376,723	3,908,272	1,312,564
Occupancy expense		294,658	341,339	293,467	141,344
Employee benefits		6,628,530	7,759,255	9,879,027	4,817,043
Share based payments	<i>iii</i>	-	2,010,500	2,067,699	(21,936)
Administration expense		1,498,018	1,738,425	2,726,428	1,499,486
US listing expense		-	-	3,292,403	438,460
Interest expense		268,384	227,945	408,469	608,069
Fair value loss/(gain)		55,855	275,010	159,904	481,101
Total Expenses		10,792,917	17,276,551	24,903,104	9,713,367
Profit/(Loss) Before Tax		(5,180,098)	(11,809,634)	(18,886,936)	807,254
Income tax		-	-	-	-
Profit/(Loss) After Tax		(5,180,098)	(11,809,634)	(18,886,936)	807,254
Other Comprehensive Gain/(Loss)		87,036	(20,247)	(118,695)	(157,000)
Total Comprehensive Income/(Loss)		(5,093,062)	(11,829,881)	(19,005,631)	650,254
EBITDA					
Interest received		256,490	432,580	257,657	139,808
Interest expense		268,384	227,945	408,469	608,069
Depreciation		182,429	218,799	211,085	111,538
Amortisation		-	15,676	14,508	-
EBITDA		(4,898,739)	(11,800,041)	(18,629,226)	1,230,530

Commentary on Financial Performance:

- 6.21. We note the following in relation to the financial performance of CardieX:
- i. Revenue is generated from the sale of goods, the lease of equipment to customers, the provision of services (clinical data services and equipment upgrades and repairs) and royalty income. The majority of revenue is generated in the USA (through the sale of goods, lease and service revenue), with some third-party sales generated in Europe and Asia and royalty income earned in Asia. During the six months ended 31 December 2023, CardieX received a settlement sum of AU\$6.2m in relation to a cancelled service contract. This has been recognised as revenue during the period.
 - ii. Other income largely relates to R&D tax incentives and interest income.
 - iii. Share based payments relate to the issue and vesting of options and performance rights.
 - iv. The US listing expense relates to work done for the dual listing of the Company on the NASDAQ that was abandoned and includes professional, legal and consulting fees incurred during the process.
 - v. The fair value loss/(gain) relates to the movement in the fair value of financial assets, financial instruments and foreign exchange.

Historical Statement of Financial Position

- 6.22. The information below provides a summary of the financial position of CardieX as at 30 June 2021, 30 June 2022, 30 June 2023 and 31 December 2023.

Consolidated Financial Position		30 June 2021	30 June 2022	30 June 2023	31 December 2023
	Ref	Audited	Audited	Audited	Reviewed
		AU\$	AU\$	AU\$	AU\$
<u>Assets</u>					
<u>Current Assets</u>					
Cash & cash equivalents	<i>i</i>	3,665,259	1,455,590	716,319	4,296,316
Trade & other receivables	<i>ii</i>	555,504	813,138	2,239,241	502,355
Inventory	<i>iii</i>	444,226	994,774	1,661,896	2,495,884
Financial assets	<i>iv</i>	4,937,483	-	5,792,386	4,988,438
Other current assets	<i>v</i>	1,100,304	1,566,218	1,433,279	2,247,049
Total Current Assets		10,702,776	4,829,720	11,843,121	14,530,042
<u>Non-Current Assets</u>					
Property, plant & equipment	<i>vi</i>	352,068	1,069,790	1,471,717	1,298,958
Intangible assets	<i>vii</i>	331,577	320,885	633,048	625,480
Financial assets	<i>viii</i>	642,392	6,080,309	510,167	369,714
Other non-current assets		32,150	77,160	78,636	42,180
Total Non-Current Assets		1,358,187	7,548,144	2,693,568	2,336,332
Total Assets		12,060,963	12,377,864	14,536,689	16,866,374
<u>Liabilities</u>					
<u>Current Liabilities</u>					
Trade & other payables	<i>ix</i>	1,074,799	2,224,631	7,459,729	7,430,872
Unearned revenue	<i>x</i>	430,181	877,312	3,041,633	355,128

Consolidated Financial Position		30 June 2021	30 June 2022	30 June 2023	31 December 2023
Provisions	<i>xi</i>	404,793	526,538	488,774	502,047
Financial liabilities	<i>xii</i>	275,209	66,778	2,175,794	4,310,508
Lease liabilities		70,616	122,871	168,951	158,582
Borrowings	<i>xiii</i>	989,723	1,297,505	1,460,959	1,451,065
Total Current Liabilities		3,245,321	5,115,635	14,795,840	14,208,202
<u>Non-Current Liabilities</u>					
Provisions	<i>xi</i>	218	1,824	6,158	9,477
Lease liabilities		108,292	649,092	483,096	413,518
Financial liabilities	<i>xiv</i>	-	-	-	2,213,470
Total Non-Current Liabilities		108,510	650,916	489,254	2,636,465
Total Liabilities		3,353,831	5,766,551	15,285,094	16,844,662
Net Assets/(Liabilities)		8,707,132	6,611,313	(748,405)	21,712
<u>Equity</u>					
Contributed equity		59,286,666	67,552,468	76,615,802	76,659,243
Reserves		3,086,032	3,925,422	6,389,306	3,023,147
Accumulated losses		(53,665,566)	(64,866,577)	(83,753,513)	(79,658,083)
Total Equity		8,707,132	6,611,313	(748,405)	21,712

Commentary on Financial Position:

6.23. We note the following in relation to CardieX's financial position:

- i. The cash and cash equivalents balance increased during the six months to 31 December 2023 as a result of the cash settlement of amounts owed under a non-cancellable contract of \$6.2m in December 2023.
- ii. Trade and other receivables relate to sales related to the ATCOR product range.
- iii. Inventory comprises finished products and raw materials and are carried at the lower of cost and net realisable value.
- iv. Current financial assets relate to a convertible note with InHealth Medical Services Inc ("InHealth") with a maturity date of 31 May 2024.
- v. Other current assets largely consist of the R&D tax credits for the period, these assets fluctuate depending on timing of the receipt of refund from ATO.
- vi. Property, plant and equipment largely consists of office equipment and furniture and property lease improvements.
- vii. Intangible assets comprise patents, trademarks etc in relation to CardieX's proprietary technology.
- viii. Non-current financial assets relate to CardieX's investment in 7.64% of InHealth.
- ix. Trade and other payables comprise of accruals and tax and employee related liabilities.
- x. Unearned revenue relates to contracts where revenue is received in advance of services provided.
- xi. Provisions relate to employee leave provisions.

- xii. Current financial liabilities comprise of various convertible notes and share application liabilities. Convertible Notes have a coupon rate of 10% per annum and convert at the noteholder's option (subject to shareholder approval), or at the CardieX's option if there is a capital raising that exceeds AU\$5,000,000. The conversion price is the higher of the Floor Price (being AU\$0.30 or the price of the capital raise of AU\$0.08) and a 20% discount to the 20 day VWAP at conversion.
- xiii. CardieX has two financing facilities as at 31 December 2023, being:
- AU\$571,065 R&D loan facility which attracts interest at 16% per annum and is secured against R&D refunds received and has a termination date of 31 March 2024.
 - AU\$880,000 working capital loan facility to support product development and attracts an interest rate of 16% per annum and a maturity date of 31 October 2024. This loan facility is secured by general charge over the assets of the Company.
- xiv. Non-current financial liabilities comprise of a Promissory Note payable to Wilson Sonsini Goodrich & Rosati ("WSGR") on the earlier of 20 April 2025 or the closing of a debt financing or equity financing (whereby gross proceeds equal or exceed US\$6,000,000 post 1 January 2024), or a change of control transaction, or in the event that the Company becomes cash flow positive and is in a position to make repayments. The Promissory Note has a face value of US\$1,500,000 and attracts an interest rate of 5.5% per annum.

Ownership Structure

- 6.24. At the date of this report, CardieX had 294,174,568 ordinary shares on issue. Details of the top 10 shareholders are as follows:

CardieX Share Structure			
Position	Holder Name	Holding	% IC
1	C2 VENTURES PTY LIMITED	65,343,068	22.21
2	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD	21,911,810	7.45
3	MR JOHN CHARLES PLUMMER	17,500,000	5.95
4	MR DARRYL PATTERSON & MRS MARGARET STEWART PATTERSON	9,776,242	3.32
5	CRAVE CAPITAL PTY LTD	6,250,000	2.12
6	MS KRISTA O'SULLIVAN	5,746,668	1.95
7	TOWNS CORPORATION PTY LTD <PAE FAMILY A/C>	4,776,000	1.62
8	CITICORP NOMINEES PTY LIMITED	4,505,676	1.53
9	DIXSON TRUST PTY LTD	4,229,423	1.44
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,105,501	1.40
	Total	144,144,388	49.00

Source: CardieX share register 25 March 2024

7. Profile of C2V

Background

- 7.1. C2 Ventures Pty Ltd ("C2V") is a private Australian company controlled by CardieX directors, Mr Niall Cairns and Mr Craig Cooper. C2V invests in medical and consumer technology companies and is the single largest shareholder in CardieX.

8. Valuation approach

Definition of Value

- 8.1. RG 111 states that a transaction is fair if the value of the consideration is greater than the value of the securities that are subject of the proposed transaction. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Valuation Approach Adopted

- 8.2. There are a number of methodologies which can be used to value a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market approach method (Comparable market transactions)

- 8.3. A summary of each of these methodologies is outlined in Appendix B.

Value of a CardieX Share prior to the Proposed Transaction

- 8.4. In assessing the value of a CardieX share prior to the Proposed Transaction, we have chosen the multiple of revenue valuation approach as our primary methodology and QMP as our secondary valuation methodology. We made these selections on the following basis:

- CardieX has a history of making losses as its products are in the early stages of commercialisation with only recent FDA approval for the CONNEQT Pulse and the CONNEQT Band yet to receive approval and as such an earnings-based valuation would not be appropriate;
- Revenue is the only consistent measure across companies within the early stage biotech industry. It is not uncommon for revenue multiples to be used as a measure of value in early-stage industries. There are publicly listed companies with operations and stage of product development sufficiently similar to CardieX to provide meaningful analysis.
- We do not consider that the DCF basis of valuation (which would require a forecast cash flow for a period of up to five years) is appropriate as the management and directors of CardieX are not able to forecast future cash flows of the Company reliably and accurately, particularly in light of the early stage life cycle of many of the Company's products and the emerging nature of new technology;
- A net asset value approach would not capture the value associated with the stage of development of CardieX's products and its future revenue earning potential.
- We have considered the QMP methodology as our second valuation approach. The QMP methodology is relevant as CardieX is listed on the ASX and therefore there is a regulated and observable market where its shares can be traded. For this method to be appropriate, CardieX's shares should be liquid and the market fully informed. We have considered these factors further in Section 9 of this report.

- 8.5. Our valuation of CardieX prior to the Proposed Transaction has been performed on a controlling basis.

Value of a CardieX Share post the Proposed Transaction

- 8.6. In assessing the value of a CardieX share post the Proposed Transaction, we have chosen the same methodology as prior to the Proposed Transaction for the reasons set out above, with adjustments for transactions associated with the Proposed Transaction.
- 8.7. Our valuation of CardieX post the Proposed Transaction has been performed on a minority basis.

9. Valuation of a CardieX Share Prior to the Proposed Transaction

- 9.1. As stated at Section 8 we have primarily assessed the value of a CardieX share prior to the Proposed Transaction using the revenue multiple approach as our primary valuation methodology and using the QMP approach as our secondary valuation methodology.

Primary valuation method: Revenue Multiple

- 9.2. Our assessed value of a CardieX share prior to the Proposed Transaction is summarised below:

	Ref	Low AU\$	High AU\$
Revenue	9.8	4,500,000	6,500,000
Multiple	9.16	2.5	3.0
Enterprise Value		11,250,000	19,500,000
<u>Net cash/debt</u>			
Cash	9.24	4,073,031	4,073,031
Borrowings	9.24	(916,150)	(916,150)
Promissory note	9.24	(2,213,470)	(2,213,470)
Lease liabilities	9.24	(572,100)	(572,100)
Total Net Cash		371,311	371,311
<u>Surplus Assets and Liabilities</u>			
Convertible Note with InHealth	9.33	-	4,565,192
Equity in InHealth	9.36	-	369,714
Total Surplus Assets		-	4,934,906
Equity Value on a controlling basis		11,621,311	24,806,217
Number of CardieX shares on issue	3.9	294,174,568	294,174,568
Value of a CardieX share on a controlling basis	9.3	0.040	0.084

Source: MACF analysis

- 9.3. Based on our assessment above, the fair value of a CardieX share prior to the Proposed Transaction on a controlling basis is between AU\$0.040 and AU\$0.084.
- 9.4. The capitalisation of revenue methodology estimates the value of the equity of a company by capitalising the future maintainable revenue of the underlying business at an appropriate multiple, which reflects the underlying risk profile and growth prospects of the business applying a premium for control where necessary, adding the value of any surplus or non-operating assets (or deducting any excess or non-operating liabilities) and deducting net debt (or adding net cash). Accordingly, valuing CardieX using the capitalisation of revenue methodology requires the determination of the following variables:

- future maintainable revenue;
- an appropriate capitalisation multiple;
- an appropriate premium for control;
- the current level of net debt or net cash; and
- the value of surplus assets or liabilities.

9.5. Our consideration with regard to each of these factors is presented below:

Revenue

9.6. The table below is a summary of trading revenue for CardieX for the years ended 30 June 2021, 2022 and 2023 as extracted from the audited financial statements for the years then ended and for the six months ended 31 December 2023 as extracted from the management accounts for the period then ended.

	Actual Audited FY21 AU\$	Actual Audited FY22 AU\$	Actual Audited FY23 AU\$	Actuals Reviewed HY124 AU\$
ATCOR revenue	5,001,134	4,066,982	4,604,284	9,471,303
CONNQQT revenue	-	-	-	-
Less one off income	-	-	-	(6,260,000)
Less royalty income	(54,596)	(58,461)	(105,426)	-
Revenue	4,946,538	4,008,521	4,498,858	3,211,303

Source: MACF analysis

9.7. The revenue analysis above includes the following adjustment and assumptions:

- Royalty income ceased on 30 June 2023 and has therefore been added back in our assessment of maintainable revenue;
- One off income received from the full settlement of the contractual dispute relating to the Clinichain clinical trial in December 2023 (as announced on 7 December 2023) has been added back as a non-recurring transaction;
- CONNQQT Pulse will launch commercially during FY25 and at this stage there is no committed pre order revenue received in relation to these products.

9.8. On the basis of our review of the revenue data above, we consider that a maintainable revenue of CardieX is between AU\$4.5m and AU\$6.5m. Our revenue range has been based on a range of values from the actual revenue achieved for FY23 to an estimated annualised revenue for FY24 based on the reviewed revenue for the half year ended 31 December 2023.

Capitalisation Multiple

9.9. In selecting an appropriate capitalisation multiple to value CardieX we have considered the revenue multiples of comparable companies based on the following criteria:

- Exposure to the biotech, med technology and health care technology sectors;
- Similar level of product development to CardieX;
- Market capitalisation below AU\$100m;
- Revenue producing;



- Loss making; and
- Primary or secondary listing on the ASX.

9.10. We have also observed, where available, revenue multiples achieved through the sale of comparable companies in Australia and the USA.

Comparable company multiples

9.11. The table below sets out a summary of the historic revenue multiples of entities described in Section 9.99. A brief description of each of the comparable companies is set out in Appendix D.

Company Name	Ticker	Enterprise Value * (\$)	FY23 EBITDA (\$)	LTM EBITDA (\$)	FY23 Revenue (\$)	LTM Revenue 9\$)	FY23 Revenue Multiple (x)	LTM revenue Multiple (x)
Atomo Diagnostics Limited	ASX:AT1	16.8	(8.3)	(6.1)	2.5	3.1	6.6x	5.4x
Micro-X Limited	ASX:MX1	73.5	(17.0)	(21.0)	15.0	15.2	4.9x	4.8x
Control Bionics Limited	ASX:CBL	8.8	(4.9)	(4.1)	5.6	5.7	1.6x	1.5x
Resonance Health Limited	ASX:RHT	33.5	(1.3)	(1.1)	4.5	5.6	7.5x	5.9x
Uscom Limited	ASX:UCM	9.3	(2.4)	(1.9)	2.7	3.4	3.5x	2.8x
CleanSpace Holdings Limited	ASX:CSX	32.3	(11.3)	(7.4)	12.1	13.7	2.7x	2.4x
Nova Eye Medical Limited	ASX:EYE	57.2	(9.5)	(7.5)	17.0	18.8	3.4x	3.0x
Medical Developments International Limited	ASX:MVP	53.1	(15.9)	(20.8)	32.3	33.5	1.6x	1.6x
Average		35.6	(8.8)	(8.7)	11.5	12.4	4.0x	3.4x
Median		32.9	(8.9)	(6.7)	8.9	9.7	3.4x	2.9x

Source: S&P CapIQ, MACF analysis

*Includes a premium of control of 25%

9.12. A total of 8 publicly listed companies were identified as reasonably comparable based on the search criteria above, with all companies identified revenue producing but not yet profit making, with a commitment to product development and regulatory compliance to advance the commercial viability of their product ranges.

9.13. We note there are some companies identified that are more comparable to CardieX than others. We make the following observations:

- Control Bionics Limited (“Control Bionics”) operates in the wearable medical technology sector, like CardieX, with a shared focus on enhancing patient health. While CardieX focusses on cardiovascular wellness, Control Bionics offers products that deliver speech generation to those with communication impediments using eye control, touch control and NeuroNode control. Control Bionics is smaller than CardieX in terms of LTM revenue and market capitalisation and has a LTM revenue multiple of 1.5x.
- Like CardieX, Uscom Limited (“Uscom”) specialises in non-invasive devices to help clinicians with cardiac, vascular and pulmonary monitoring, with initial FDA approval received in 2005 and CE Mark certification in Europe in 2003. Uscom is smaller than CardieX in terms of LTM revenue and market capitalisation and has a LTM revenue multiple of 2.8x.
- Less comparable companies in the selection identified include Atomo Diagnostics Limited which offers one off rapid diagnostic testing devices, and Micro-X Limited which offers x-ray imaging technology that not only targets the biotechnology industry but also provides products to the veterinary and security sectors. The LTM revenue multiples for these companies are 5.4x and 4.8x respectively. Whilst Micro-X is substantially larger than CardieX in terms of market capitalisation, Atomo is comparable in size.

- 9.14. All of the comparable companies have recently reported on their financial performance for the half year ended 31 December 2023, the share prices, and therefore market capitalisation, for the comparable companies identified reflect the anticipated earnings for FY24 based on half year results, rather than historical earnings for FY23. As such we have used the publicly available information for LTM revenue as this is considered to be the most relevant historical financial information.
- 9.15. There was no forecast revenue available for the comparable companies identified and as such, we have used historical financial information only.
- 9.16. Based on our analysis above, we have used a range of 2.9x to 3.4x in our valuation of CardieX.

Adjustment to comparable trading multiples

- 9.17. We note that the share price of a listed company represents the market value of a non-controlling interest in that company and, as such, any earnings multiple derived from those share prices are consequently non-controlling multiples and they do not reflect a premium for control. To calculate the value of a controlling interest prior to adjusting for surplus assets/liabilities and net debt, we must apply a control premium to the enterprise value multiple.
- 9.18. We have reviewed the control premiums paid in recent years by companies listed on the ASX. There is significant variability in control premiums paid which are affected by such factors as:
- Nature and magnitude of non-operating assets;
 - Quality of management;
 - Nature and magnitude of business opportunities/assets not currently being exploited;
 - Degree and confidence in future synergies;
 - Level of pre-announcement speculation of the transaction;
 - Level of liquidity in the trade of the acquiree's securities; and
 - The stage in the economic cycle.
- 9.19. A review of control premiums paid by acquirers of companies listed on the ASX in recent years indicates a range of premiums between 20% and 30% is reasonable. We believe that this reflects an appropriate rate of control premia to be applied in our valuation of CardieX.

Business Specific Risk

- 9.20. When assessing any business risk adjustment, we have considered the following when comparing CardieX to the comparable companies identified:
- CardieX is a public company listed on the ASX;
 - CardieX's technology targets cardiovascular health. Some of the comparable companies have more diversified product ranges;
 - CardieX's ATCOR product range has been available for decades already;
 - CardieX's CONNEQT Pulse product has recently obtained FDA approval but has not yet been commercially launched;
 - CardieX has not yet received FDA approval for its CONNEQT Band wearable product;
 - CardieX's revenue is at the lower end of the range of comparable companies and has EBITDA results in the higher end of the range of comparable companies;
 - CardieX's net assets are at the lower end of the range of comparable companies.
- 9.21. Based on our analysis of business specific risk, we are of the opinion that CardieX carries a higher level of risk when compared to the comparable companies used in our analysis. Due to this we consider that a specific business risk of between 10% and 15% is applicable when considering the multiple for CardieX.

- 9.22. CardieX's main operations are based in the USA with over 75% of revenue generated in the USA during FY23. We have reviewed the multiples for comparable companies operating in the USA. Given that the investors in CardieX will expect a return based on Australian market expectations, we consider it more relevant to base our multiple on the comparable companies identified in Appendix D of this report.

Conclusion on capitalisation multiple

- 9.23. Based on our analysis of comparable company multiples, we consider an appropriate controlling multiple, to be in the range of 2.5 to 3.0 times.

Assessed Multiples of CardieX

	Ref	Multiple Range	
		Low	High
Revenue multiple for comparable listed companies	9.16	2.9	3.4
Less: business specific discount (10% - 15%)	9.21	15%	10%
EBITDA multiple (on a controlling basis)		2.5	3.0

Net cash and debt

- 9.24. We have reviewed the pro forma net assets of CardieX above and have assessed the following cash and debt using pro forma net assets as at 31 December 2023 which incorporates the impact of significant events subsequent to 31 December 2023, including the impact of the Entitlement Offer and Placement under the Prospectus and the impact of the cash movement to 31 March 2024.

Net Cash/Debt	Actual		Proforma adjustments			Pro Forma
	Reviewed	Note 1	Note 2	Note 3	Unaudited	
	AU\$	AU\$	AU\$	AU\$	AU\$	
Cash & cash equivalents	4,296,316	6,471,543	-	(6,694,828)	4,073,031	
Share applications	(867,458)	867,458	-	-	-	
Convertible loans	(3,443,051)	-	3,443,051	-	-	
Lease liabilities	(572,100)	-	-	-	(572,100)	
Borrowings	(1,451,065)	-	-	534,915	(916,150)	
Promissory Note	(2,213,470)	-	-	-	(2,213,470)	
Total net debt	(4,250,827)				371,311	

- 9.25. Note 1: The pro forma adjustment captures the impact of the Entitlement Offer and Placement after costs.

Note 2: This pro forma adjustment captures the impact of the conversion of convertible and converting notes on completion of the Entitlement Offer and Placement.

Note 3: We have included the material cash movement subsequent to 31 December 2023 and up to 31 March 2024, including the repayment of part of the R&D loan facility.

Note 4: The gross proceeds under the Entitlement Offer and Placement do not meet the criteria for a debt or equity financing under the Promissory Note agreement with WSGR and therefore repayment is not triggered for the purpose of this pro forma.

Surplus assets and liabilities

- 9.26. Surplus assets and liabilities are those assets and liabilities that are not required to sustain the adopted level of operations. We have reviewed the net assets of CardieX and have made an adjustment for the financial asset receivable from InHealth and the equity interest in InHealth.

InHealth Convertible Note

- 9.27. During FY19, CardieX entered into an agreement with InHealth to purchase a convertible note with a face value of US\$3,000,000, a coupon rate of 6% per annum and a maturity date of 1 July 2020, convertible into such number of shares in InHealth to constitute 33.33% ownership if there is no qualifying capital raise. If InHealth successfully completed a qualifying capital raise prior to the maturity date in excess of US\$2,000,000 then the convertible note would automatically convert into InHealth shares at an 80% discount to the associated capital raise.
- 9.28. In July 2020 the agreement was restructured, and a cash repayment made to reduce the face value of the note to US\$2,500,000 and extend the maturity date to 1 July 2021. The agreement was further amended so that US\$1,000,000 of the principal amount of the convertible note be repaid in cash as part of a qualifying capital raise before 30 June 2021 with the remaining balance plus accrued interest converted in accordance with the qualifying capital raise, or in the event of no qualifying capital raise either repaid in full or converted into 33.33% ownership.
- 9.29. On 1 July 2021, the convertible note was again restructured to have a face value inclusive of accrued interest of US\$2,654,578 and an extended maturity date of 31 December 2021. In exchange for the restructure, CardieX received 2% equity in shares of InHealth. In March 2022, the maturity date was extended to November 2023.
- 9.30. As at 30 June 2023 the face value of the principal and accrued interest was US\$2,875,317.
- 9.31. On 16 January 2024, CardieX entered into a further extension of the convertible note to 31 May 2024. We understand that CardieX is currently in negotiations with InHealth for the conversion of the convertible note into InHealth equity on superior terms to the current contractual position, and without the requirement of a qualifying capital raise. These negotiations are expected to conclude in advance of the current maturity date of 31 May 2024. Based on these negotiations, the directors of CardieX consider that the conversion of these notes is the most likely outcome.
- 9.32. The reviewed net liabilities of InHealth as at 31 December 2023 were US\$3,780,881, with a cash balance of US\$52,136 and net current liabilities (including the InHealth convertible note) of US\$3,331,320. During the period of the convertible note, InHealth has not completed a qualifying capital raise and the maturity date of the note has been extended. Whilst InHealth is generating revenue, the value of this revenue is relatively minor, with revenue recognised for the year to 31 December 2023 of approximately US\$1.6m, generating a net profit of approximately US\$12,000.
- 9.33. Under the current contractual agreement, we do not consider that an automatic conversion to equity is likely due to the lack of qualifying capital raise. Based on negotiations, which are currently in progress, either the note will become repayable in full on the maturity date of 31 May 2024, or convert into InHealth equity at a rate yet to be determined.
- 9.34. We have considered the fair value of the existing InHealth convertible notes and based the value on the net present value of the existing note as at 31 December 2023 in our high valuation, assuming a repayment date of 31 May 2024 based on current contracted terms.
- 9.35. In our low valuation we have considered the current financial position of InHealth and have assumed that the note may not be recoverable in full on maturity. We understand that the directors are in negotiations with the intention to convert the note into InHealth equity. InHealth is a private company, with a history of losses. Assuming the conversion of the full face value of the note and accrued interest, the net liability position of InHealth as at 31 December 2023 would be approximately US\$588,000. Due to the current financial position and performance of InHealth, under both the conversion and repayment scenarios there is a possibility that the value of the note, or associated converted equity, is nil and as such, we have included a nil value for the convertible note in our low valuation.

InHealth Equity

9.36. As at the date of this report, CardieX holds 7.64% equity in InHealth with a carrying value of AU\$369,714. The current financial position of InHealth suggests that the company may have liquidity issues and not be able to continue as a going concern. As such, as discussed in section 9.35 above, we have included a value of nil in our low value of CardieX.

Secondary valuation method: QMP

9.37. In order to provide a cross check and comparison to our valuation of a CardieX share above, we have also assessed the value of a CardieX share using the QMP valuation methodology prior to the announcement of the Proposed Transaction.

9.38. The QMP of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

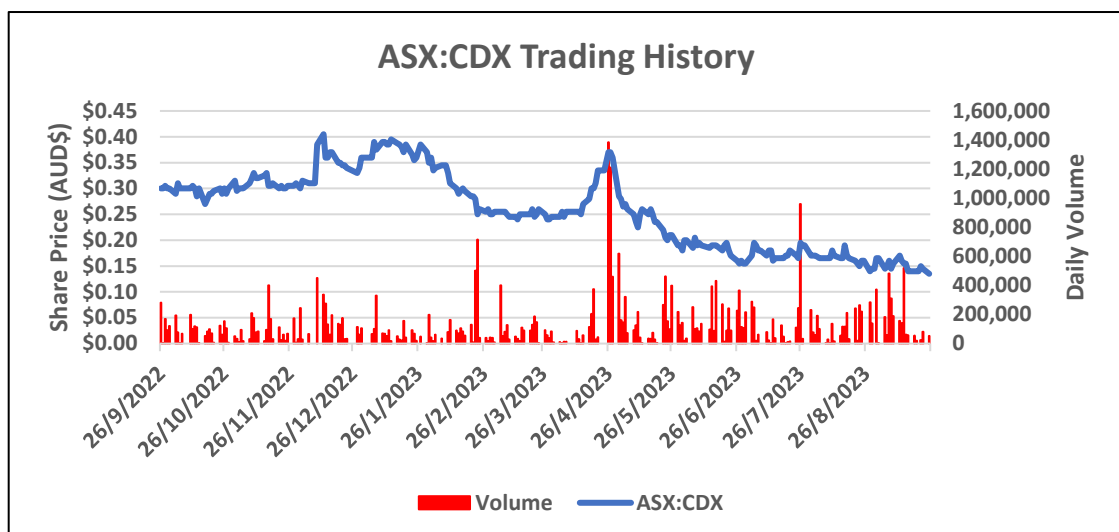
9.39. RG 11.11 suggests that when considering the value of a company's shares the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

9.40. Although C2V will not obtain a 100% interest in the shares in CardieX, RG11 states that the expert should calculate the value of the target's shares as if 100% control were being obtained. Therefore, our QMP analysis below includes an assessment of the QMP on a minority basis after looking at recent released share price over a range of periods, and an estimated premium for control to arrive at a value on a controlling basis.

Share Price Performance

9.41. The figure below sets out a summary of CardieX's closing share price and volume of CardieX shares traded for the 12 months to the date of suspension on 26 September 2023 when the Company announced it had withdrawn its F-1 registration statement for dual listing on the Nasdaq.



Source: S&P Capital IQ

- 9.42. Over the period presented, CardieX shares traded between at a high of AU\$0.41 in December 2022 and a low of AU\$0.14 in September 2023, just prior to suspension. On 9 December 2022 CardieX announced a significant new clinical trial agreement which had a material effect on the share price increasing from AU\$0.31 to a high of AU\$0.41. The share price began to fall in February 2023 to approximately AU\$0.25 in March 2023 before increasing to AU\$0.37 in April 2023 on the announcement that CardieX had received FDA 510(k) clearance for CONNEQT Pulse. The share price fell again to AU\$0.18 during May 2023 although there were no non-routine announcements that month. The share price continued to decline from this point onwards, reaching a low of AU\$0.14 prior to suspension.
- 9.43. CardieX announced the dual listing strategy in June 2023 and filed the F-1 registration to dual list on the Nasdaq on 26 July 2023. These announcements did not have a material impact on the CardieX share price. The announcement regarding the withdrawal of the Company's F-1 registration was made following a trading halt on 26 September 2023 and therefore we are unable to assess the impact of this announcement on the CardieX share price.
- 9.44. In the month prior to suspension the average daily volume traded was 167,490 shares. This represents just 0.12% of shares traded daily.

Traded Volumes of CardieX Shares up to 25 September 2023

- 9.45. We have considered the last traded price of a CardieX share over a range of periods ending 25 September 2023, the last trading day before suspension. An analysis of the trading volume and VWAP of CardieX's shares for 1, 5, 10, 30, 60 and 90 trading day periods prior to the suspension is set out in the table below:

Trading Volumes of CardieX Shares						
Up to 25/09/2023	1 Day	5 Days	10 Days	30 Days	60 Days	90 Days
VWAP AU\$	0.135	0.142	0.152	0.156	0.166	0.174
Total Volume	52,385	176,811	1,008,721	4,403,788	7,485,714	13,110,109
Total Outstanding Shares	143,683,524	143,683,524	143,683,524	143,683,524	143,683,524	143,683,524
% of Total Shares	0.04%	0.12%	0.70%	3.06%	5.21%	9.12%
Low Price AU\$	0.135	0.135	0.135	0.135	0.135	0.135
High Price AU\$	0.135	0.150	0.160	0.190	0.195	0.220

Source: CapIQ

- 9.46. The table above shows that 3.06% of CardieX's shares were traded in the 30 trading days prior to suspension. This is indicative of an illiquid stock.
- 9.47. We note that to rely on the QMP valuation methodology there is a requirement for the security to trade in a 'deep' market. RG111.69 indicates that a 'deep' market should reflect a liquid and active market.
- 9.48. Characteristics of a deep market are:
- Regular trading in a company's securities;
 - An average of 1% of a company's securities traded on a weekly basis;
 - Non-significant spread of the stock;
 - A significant spread of ownership of the securities (i.e., the top 10 shareholders do not control more than 50% of the company); and
 - There are not regular unexplained movements in the share price.
- 9.49. For a security to be considered 'deep' it should fit with all the above characteristics. Although if it does fail to meet all the above characteristics it does not automatically characterise the share price trading as irrelevant for valuation purposes, rather it means that it should not purely be relied upon and should be considered within this context.

- 9.50. We note that in the case of CardieX, we do not consider that there is a deep market for the Company's shares. Given the illiquid stock and period of time that the shares have been suspended for, we do not consider that the VWAP noted above is indicative of the fair value of a CardieX share price.

Recent Share Placements

- 9.51. We have reviewed share placements completed during FY23 and subsequent and note that CardieX issued shares under a third-party placement and separately via a share purchase plan during FY23 at AU\$0.30 per share. These transactions occurred prior to the Company's suspension. Given the timing of these placements, prior to suspension and the announcement of the withdrawal of the F-1 Registration, we do not consider that these are representative of the fair value of a CardieX share prior to the Proposed Transaction.
- 9.52. The Company also issued shares as payments in lieu of services provided by suppliers and employees in February 2024 at a share price of AU\$0.08 per share.

Prospectus

- 9.53. On 19 December 2023, CardieX lodged a prospectus for the non-renounceable pro-rata offer to eligible shareholders on the basis of 1 new share for every 2.87 existing shares held at an issue price of AU\$0.08 per share, together with 1 quoted option for every 3 new shares subscribed for to raise up to AU\$4,000,000 (the "Entitlement Offer") and a placement of up to 50,000,000 new shares at an issue price of AU\$0.08 per share, together with 16,666,667 quoted options to raise up to AU\$4,000,000 (the "Placement").
- 9.54. The quoted options attached to the Entitlement Offer and Placement Offer have an exercise price of AU\$0.20 per option and an expiry date of 30 November 2025. The options are free attaching and out of the money and as such no portion of the Entitlement or Placement Offer price have been attributed to the options.
- 9.55. Both the Entitlement Offer and Placement closed on 1 February 2024 with both successfully raising the full AU\$8,000,000 sought.
- 9.56. The announcement of the Proposed Transaction occurred as part of the Supplementary Prospectus dated 18 January 2024. The Entitlement Offer and Placement price did not change as a result of the Proposed Transaction.
- 9.57. Subsequent to completion of the Placement and Entitlement Offer, on 26 February 2024 the ASX lifted the Company's suspension from quotation and CardieX shares recommenced trading.

Traded Volumes of CardieX Shares between 26 February 2024 and 19 March 2024

- 9.58. We have considered the last traded price of a CardieX share over a range of periods between the date CardieX recommenced trading on 26 February 2024 and 19 March 2024, as set out in the table below:

Trading Volumes of CardieX Shares				
Between 26/02/24 and 19/03/24	1 Day	5 Days	10 Days	17 Days
VWAP AU\$	0.080	0.081	0.080	0.080
Total Volume	281,014	1,142,578	2,685,502	9,740,716
Total Outstanding Shares	294,174,568	294,174,568	294,174,568	294,174,568
% of Total Shares	0.10%	0.39%	0.91%	3.31%
Low Price AU\$	0.080	0.080	0.077	0.077
High Price AU\$	0.080	0.082	0.083	0.083

Source: CapIQ

9.59. Based on the recent Entitlement Offer and Placement share price and the VWAP analysis above, we consider that AU\$0.08 is a fair representation of the current value of a CardieX share on a minority basis.

Control Premium

9.60. We note that the share price of a listed company represents the market value of a non-controlling interest in that company and, as such, any valuation derived from those share prices are consequently non-controlling valuations and they do not reflect a premium for control. To calculate the value of a controlling interest prior we must apply a control premium to the enterprise value multiple.

9.61. We have reviewed the control premiums paid in recent years by companies listed on the ASX. There is significant variability in control premiums paid which are affected by such factors as:

- Nature and magnitude of non-operating assets;
- Quality of management;
- Nature and magnitude of business opportunities/assets not currently being exploited;
- Degree and confidence in future synergies;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities; and
- The stage in the economic cycle.

9.62. A review of control premiums paid by acquirers of companies listed on the ASX in recent years from CapIQ indicates a range of premiums between 20% and 30% is reasonable. We believe that this reflects an appropriate rate of control premia to be applied in our valuation of CardieX. A share price valuation on a controlling basis is detailed in the table below:

QMP Assessment	Ref	Low	High
Minority Basis		AU\$	AU\$
Share Price	9.57	0.080	0.080
Controlling Basis		AU\$	AU\$
Control Premium	9.60	20%	30%
Estimated Share Price on a controlling basis		0.096	0.104

Source: CapIQ

9.63. Based on our assessment above, the QMP of a CardieX share on a controlling basis is between AU\$0.096 and AU\$0.104

9.64. This analysis is secondary to our primary assessment of the value of a CardieX share.

Valuation conclusion for a CardieX share prior to the Proposed Transaction

Our assessed values for a CardieX share prior to the Proposed Transaction on a controlling basis is summarised in the table below:

	Ref	Low AU\$	High AU\$
Assessed fair value of a CardieX share prior to the Proposed Transaction on a controlling basis using the revenue multiple methodology	9.3	0.040	0.084
Assessed fair value of a CardieX share prior to the Proposed Transaction on a controlling interest basis using the QMP methodology	9.61	0.096	0.104

- 9.65. We have concluded on a wide range of values for our valuation of CardieX using the revenue multiple methodology. This is because CardieX operates in the biotechnology sector which is high risk due to uncertainty associated with the outcome of research and clinical trials, product development and commercial viability and the outcome of regulatory approvals. Many businesses operating in this sector rely on third party funding in order to progress product development in the early stages. Based on our analysis our assessed value of a CardieX share on a controlling basis, is between AU\$0.040 and AU\$0.104.

10. Valuation of a CardieX Share Post the Proposed Transaction

- 10.1. As stated in Section 8, in assessing the value of a CardieX share post the Proposed Transaction, we have chosen the sum of parts methodology. We have used the value derived prior to the Proposed Transaction, with adjustments for transactions associated with the Proposed Transaction.

Primary valuation method: Sum of Parts

- 10.2. The Sum of Parts valuation has been summarised in the table below:

Sum of Parts	Ref	Low AU\$	High AU\$
Equity Value of CardieX prior to the Proposed Transaction on a controlling basis	9.2	11,621,311	24,806,217
Adjustments for the Proposed Transaction:			
Maximum cash receivable under the FCA	3.1	6,000,000	6,000,000
Equity value of CardieX post the Proposed Transaction on a control basis		17,621,311	30,806,217
Minority discount	10.5	23%	17%
Equity value of CardieX post the Proposed Transaction on a minority basis		13,554,855	25,671,847
No of shares on issue in CardieX post the Proposed Transaction	3.9	369,174,568	369,174,568
Value of a CardieX Share on a minority basis prior to the Proposed Transaction		0.037	0.070

- 10.3. In our valuation above we have considered the the Debt Conversion by C2V only. As the options held by C2V and its associates are significantly out of the money (with exercise prices between AU\$0.20 and AU\$0.45 per option) we have assumed that the options are not exercised and performance rights do not convert in our valuation above. If we did assume that the options were exercised and performance rights were converted this would increase the value of a CardieX share due to the premium included in the exercise price.

Minority Discount

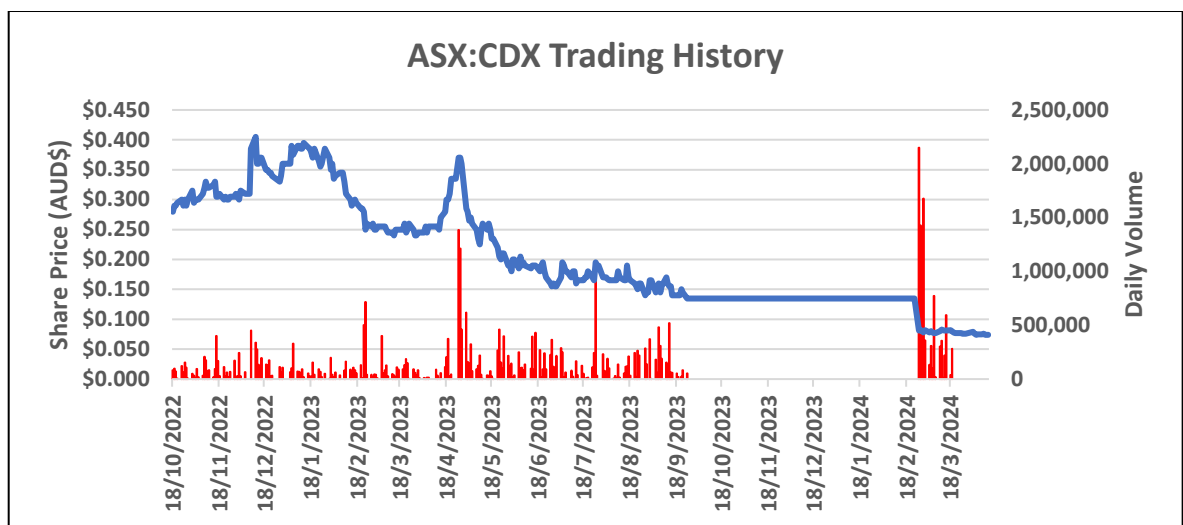
- 10.4. The valuation methodology above implies a premium for control has already been factored into the value. Therefore, our calculation has been prepared on a control basis and now needs to be converted to a minority basis.
- 10.5. A review of control premiums paid by acquirers of companies listed on the ASX in recent years indicates a range of premiums between 20% and 30% is reasonable (refer to section 9.60 of this report). The minority interest discount is the inverse of a premium for control and is calculated using the formula $1 - [1 / (1 + \text{control premium})]$. Therefore, the minority interest discount is between 17% and 23%.

Secondary Valuation method: QMP (Recent Share Placements)

- 10.6. In order to provide a cross check and comparison to our valuation of a CardieX share above, we have also assessed the value of a CardieX share using the QMP valuation methodology subsequent to the announcement of the Proposed Transaction.
- 10.7. In section 9 we reviewed recent share placements completed as part of the Prospectus with the associated Entitlement Offer and Placement closing on 1 February 2024 fully subscribed at a share price of AU\$0.08 to raise AU\$8,000,000 before costs.
- 10.8. The announcement of the Proposed Transaction occurred as part of the Supplementary Prospectus dated 18 January 2024. The Entitlement Offer and Placement price did not change as a result of the Proposed Transaction and remained at AU\$0.08 per share each.
- 10.9. We note that completion of the Placement was conditional on ASX agreeing to lift the Company's suspension from quotation. CardieX shares recommenced trading on the ASX on 26 February 2024.
- 10.10. As noted in section 9.58 of this report, based on the recent Entitlement Offer and Placement share price, and VWAP analysis on recommencement of trade, AU\$0.08 is a fair representation of the current value of a CardieX share on a minority basis.

Share Price Performance

- 10.11. The figure below sets out a summary of CardieX's closing share price and volume of CardieX shares traded for the 12 months to 12 April 2024.



Source: S&P Capital IQ

Traded Volumes of CardieX Shares up to 12 April 2024

10.12. We have considered the last traded price of a CardieX share over a range of periods ending 12 April 2024. An analysis of the trading volume and VWAP of CardieX's shares for 1, 5, 10, 30, 60 and 90 trading day periods prior to the suspension is set out in the table below:

Trading Volumes of CardieX Shares				
Up to 12/04/2024	1 Day	5 Days	10 Days	30 Days
VWAP AU\$	0.074	0.075	0.076	0.078
Total Volume	50,000	1,186,864	3,429,682	10,168,706
Total Outstanding Shares	294,174,568	294,174,568	294,174,568	294,174,568
% of Total Shares	0.02%	0.40%	1.17%	3.46%
Low Price AU\$	0.074	0.074	0.074	0.074
High Price AU\$	0.074	0.076	0.079	0.083

Source: CapIQ

10.13. The table above shows that 3.46% of CardieX's shares were traded in the 30 trading days prior to suspension. This is indicative of an illiquid stock.

10.14. We note that to rely on the QMP valuation methodology there is a requirement for the security to trade in a 'deep' market. RG111.69 indicates that a 'deep' market should reflect a liquid and active market.

10.15. Characteristics of a deep market are:

- Regular trading in a company's securities;
- An average of 1% of a company's securities traded on a weekly basis;
- Non-significant spread of the stock;
- A significant spread of ownership of the securities (i.e., the top 10 shareholders do not control more than 50% of the company); and
- There are not regular unexplained movements in the share price.

10.16. For a security to be considered 'deep' it should fit with all the above characteristics. Although if it does fail to meet all the above characteristics it does not automatically characterise the share price trading as irrelevant for valuation purposes, rather it means that it should not purely be relied upon and should be considered within this context.

10.17. Based on the recent Entitlement Offer and Placement share price of AU\$0.08 and the VWAP analysis above, we consider that a range of between AU\$0.074 and AU\$0.08 is a fair representation of the current value of a CardieX share on a minority basis.

10.18. This analysis is secondary to our primary assessment of the value of a CardieX share.

Valuation conclusion for a CardieX share post the Proposed Transaction

Our assessed values for a CardieX share post the Proposed Transaction on a minority basis is summarised in the table below:

	Ref	Low AU\$	High AU\$
Assessed fair value of a CardieX share post the Proposed Transaction on a minority basis using the revenue multiple methodology	10.2	0.037	0.070
Assessed fair value of a CardieX share post the Proposed Transaction on a minority interest basis using the QMP methodology	10.9	0.074	0.080

10.19. As noted in Section 9, we have concluded on a wide range of values for our valuation of CardieX using the revenue multiple methodology. This is because CardieX operates in the biotechnology sector which is high risk due to uncertainty associated with the outcome of research and clinical trials, product development and commercial viability and the outcome of regulatory approvals. Many businesses operating in this sector rely on third party funding in order to progress product development in the early stages. Based on our analysis our assessed value of a CardieX share on a controlling basis, is between AU\$0.037 and AU\$0.080.

11. Is the Proposed Transaction fair to the Non-Associated Shareholders?

11.1. When assessing fairness, we have compared the estimated value of a CardieX share prior to the Proposed Transaction to the value of a CardieX share post the Proposed Transaction. We have used two methods to determine our opinion.

11.2. Our assessed fair values are as follows:

	Section	Low AU\$	High AU\$
Assessed Fair Value of a CardieX share prior to the Proposed Transaction on a controlling basis	9	0.040	0.104
Assessed Fair Value of a CardieX share post the Proposed Transaction on a minority basis	10	0.037	0.080

Source: MACF analysis

11.3. In the absence of any other relevant information, in our opinion, this indicates that the Proposed Transaction is not fair to the Non-Associated Shareholders of CardieX as the low and high assessed fair values of a CardieX share post the Proposed Transaction are less than the low and high assessed fair values of a CardieX share prior to the Proposed Transaction. This is primarily due to the calculation of the value of a CardieX share prior to the Proposed Transaction being on a controlling basis and on a minority basis post the Proposed Transaction.

12. Is the Proposed Transaction Reasonable?

12.1. RG111 establishes that a transaction is reasonable if it is fair. If a transaction is not fair, it may still be reasonable after considering the specific circumstances applicable to it. In our assessment of the reasonableness of the Proposed Transaction we have considered:

- The prospects of CardieX if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders because of the Proposed Transaction proceeding.

Advantages and Disadvantages

12.2. In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds than if it does not, we have considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of approving the Proposed Transaction

Advantage 1 - Cash

The Proposed Transaction will provide CardieX with a access to cash of up to AU\$7,500,000 to help to recapitalise the Company and further the development of the Company's products. If the Proposed Transaction is not approved, then CardieX may need to seek alternative funding (via either debt or equity).

Advantage 2 – Fair value

The Proposed Transaction is for the issue of shares on the same terms as the Placement and Entitlement Offer issued to existing shareholders and third-party investors in the Prospectus.

Advantage 3 – CardieX Conversion Right

The Conversion Agreement gives CardieX the right to convert the outstanding debt under the FCA to equity, even if C2V would choose not to do so. Should the share price in CardieX fall below AU\$0.08 prior to the expiry date of the Conversion Agreement (31 December 2025), then CardieX could convert the outstanding balance on the FCA at a premium to the share price.

Advantage 4 – Interest rate

Under the terms of the FCA, if the Proposed Transaction is approved, the interest rate applicable to the outstanding balance on the FCA will remain at 10% per annum. If the Proposed Transaction is not approved, the interest rate will increase to 15% per annum.

Disadvantages of approving the Proposed Transaction

Disadvantage 1 – Not fair

The Proposed Transaction is not fair to the Non-Associated Shareholders of CardieX. This is primarily due to the calculation of the value of a CardieX share prior to the Proposed Transaction being on a controlling basis and on a minority basis post the Proposed Transaction. C2V has not paid a premium for control.

Disadvantage 2 – Dilution

Under the Proposed Transaction, Non-Associated Shareholders interest will decline from 76.65% prior to the Proposed Transaction to 61.08% post the Proposed Transaction, assuming the Debt Conversion by C2V only. If we were to assume that C2V also converted its Performance Rights and Options as well, Non-Associated Shareholders interest will decline to 54.77%. In both scenarios C2V will have the voting power to block the passing of a special resolution in the Company. In order to block an ordinary resolution C2V would require a simple majority of 50%.

Disadvantage 3 – C2V Conversion Right

The Conversion Agreement gives C2V the right to convert the outstanding debt under the FCA to equity, even if CardieX did not intend to choose this. Should the share price in CardieX increase above AU\$0.08 prior to the expiry date of the Conversion Agreement (31 December 2025), then C2V could convert the outstanding balance on the FCA at a discount to the share price.

Alternative Proposal

- 12.3. We are not aware of any alternative proposal that is being considered or has been presented by CardieX at the current time which might provide a greater benefit than the Proposed Transaction. The likelihood of alternative offers offering similar or greater value to shareholders is low.

Future Prospects if the Proposed Transaction does not Proceed

- 12.4. If the Proposed Transaction does not proceed, then CardieX will continue to operate with the reduced cash balance and seek to raise capital at a later date through other means such as debt or equity financing.

Conclusion on Reasonableness

- 12.5. In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, we consider it reasonable to approve the Proposed Transaction.



13. Independence

- 13.1. Moore Australia Corporate Finance (WA) Pty Ltd ("MACF") is entitled to receive a fee of approximately \$28,000, excluding GST and reimbursement of out-of-pocket expenses. Except for this fee, MACF has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.
- 13.2. Prior to accepting this engagement MACF has considered its independence with respect to CardieX and the associated shareholders of CardieX, and their respective associates with reference to RG 112, Independence of Expert's Reports. It is the opinion of MACF that it is independent of CardieX and the associated shareholders of CardieX, and their respective associates.
- 13.3. MACF and Moore Australia (WA) have not had at the date of this report any relationship which may impair their independence.
- 13.4. We have held discussions with management of CardieX regarding the information contained in this report. We did not change the methodology used in our assessment because of discussions and our independence has not been impaired in any way.

14. Qualifications

- 14.1. MACF is a professional practice company, wholly owned by the Perth practice of Moore Australia, Chartered Accountants. The firm is part of the National and International network of Moore Australia independent firms and provides a wide range of professional accounting and business advisory services.
- 14.2. MACF holds an Australian Financial Services License to provide financial product advice on securities to retail clients (by way of experts reports pursuant to the listing rules of the ASX and the Corporations Act) and its principals and owners are suitably professionally qualified, with substantial experience in professional practice.
- 14.3. The director responsible for the preparation and signing of this report is Mr Peter Gray who is a director of MACF. Mr Gray has approximately 20 years' experience as a Chartered Accountant and has significant experience in the preparation of independent expert's reports, valuations and related advice.
- 14.4. At the date of this report neither Mr Gray nor any member or Director of MACF has any interest in the outcome of the Proposed Transaction.

15. Disclaimers and consents

- 15.1. MACF has been requested to prepare this report, to be included in the Notice of Meeting which will be sent to CardieX shareholders.
- 15.2. MACF consents to this report being included in the Notice of Meeting to be sent to shareholders of CardieX. This report or any reference thereto is not to be included in or attached to any other document, statement or letter without prior consent from MACF.
- 15.3. MACF has not conducted any form of audit, or any verification of information provided to us and which we have relied upon in regard to CardieX, however we have no reason to believe that any of the information provided, is false or materially incorrect. The statements and opinions provided in this report are given in good faith and in the belief that they are not false, misleading, or incomplete.
- 15.4. Neither MACF nor Mr Gray take any responsibility for nor have they authorised or caused the issue of any part of this report for any third party other than the shareholders of CardieX in the context of the scope and purpose defined in Section 3 of this report.



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- 15.5. With respect to taxation implications, it is recommended that individual shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own specific circumstances. The advice provided in this report does not constitute legal or taxation advice to shareholders of CardieX or any other party.
- 15.6. The statements and opinions expressed in this report are given in good faith and with reliance upon information generated both independently and internally and regarding all of the circumstances pertaining to the Proposed Transaction.
- 15.7. Regarding any projected financial information noted in this report, no member or director of MACF has had any involvement in the preparation of the projected financial information.
- 15.8. Furthermore, we do not provide any opinion whatsoever as to any projected financial or other results prepared for CardieX and do not provide any opinion as to whether or not any projected financial results referred to in the report will or will not be achieved.

Yours faithfully

Peter Gray
Director

Moore Australia Corporate Finance (WA) Pty Ltd

Appendix A – Sources of Information

In preparing this report we have had access to the following principal sources of information:

- Audited financial statements for CardieX for the years ended 30 June 2021, 2022 and 2023;
- Reviewed interim financial statements for CardieX for the six months ended 31 December 2023;
- Unaudited pro forma balance sheet for CardieX as at 31 December 2023;
- Unaudited management accounts for CardieX as at 31 March 2024;
- Unaudited forecast financial information for FY24;
- Funding Commitment Agreement between CardieX and C2V dated 3 November 2023;
- Commitment and Underwriting Agreement between CardieX and C2V dated 18 January 2024;
- Draft Debt to Equity Conversion Agreement between CardieX and C2V;
- Prospectus for the Entitlement Offer and Placement dated 19 December 2023;
- Draft Notice of Meeting for the Proposed Transaction;
- Publicly available information in relation to CardieX, including ASX announcements;
- Information in the public domain;
- Share registry information for CardieX;
- IBISWorld;
- S&P Capital IQ database; and
- Discussions with directors and management of CardieX.

Appendix B – Valuation Methodologies

We have considered which valuation methodology is the most appropriate in light of all the circumstances and information available. We have considered the following valuation methodologies and approaches:

- Discounted cash flow methodology ('DCF');
- Capitalisation of future maintainable earnings methodology ('FME');
- Net assets value method ('NAV');
- Quoted market price methodology ('QMP'); and
- Market approach method (Comparable market transactions)

Valuation Methodologies and Approaches
<p>Discounted Cash Flow Method</p> <p>Discounted cash flow methods estimate fair market value by discounting a company's future cash flows to their net present value. These methods are appropriate where a forecast of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.</p>
<p>Capitalisation of Maintainable Earnings Method</p> <p>The capitalisation of maintainable earnings method estimates "fair market value" or "enterprise value", by estimating a company's future maintainable earnings and dividing this by a market capitalisation rate. The capitalisation rate represents the return an investor would expect to earn from investing in the company which is commensurate with the individual risks associated with the business.</p> <p>It is appropriate to apply the capitalisation of maintainable earnings method where there is an established and relatively stable level of earnings which is likely to be sustained into the foreseeable future.</p> <p>The measure of earnings will need to be assessed and can include, net profit after taxes (NPAT), earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortisation (EBITDA).</p> <p>The capitalisation of maintainable earnings method can also be considered a market based methodology as the appropriate capitalisation rate or 'earnings multiple' is based on evidence of market transactions involving comparable companies.</p> <p>An extension of the capitalisation of maintainable earnings method involves the calculation of share value of an entity. This process involves the calculation of the enterprise value, which is then adjusted for the net tangible assets of the entity.</p>
<p>Net Assets Value Method (Orderly Realisation of Assets)</p> <p>The net assets value method (assuming an orderly realisation of assets) estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.</p> <p>Liquidation of assets - The Liquidation method is similar to the orderly realisation of asset method except the liquidation method assumes the assets are sold in a shorter time frame.</p> <p>Net assets – The net assets method is based on the value of the assets of a business less certain liabilities at book values, adjusted to a market value.</p> <p>The asset based approach, as a general rule, ignores the possibility that a company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements, and goodwill.</p> <p>The asset based approach is most appropriate when companies are not profitable, a significant proportion of assets are liquid, or for asset holding companies.</p> <p>Cost Based Approach - The cost based approach involves determining the fair market value of an asset by deducting the accumulated depreciation from the asset's replacement cost at current prices.</p> <p>Like the asset based approach, the cost based approach has a number of disadvantages, primarily that the cost of an asset does not necessarily reflect the assets ability to generate income. Accordingly, this approach is only useful in limited circumstances, usually associated with intangible asset valuation.</p>

Appendix B – Valuation Methodologies

Valuation Methodologies and Approaches
<p>Quoted Market Price Methodology</p> <p>The method relies on the pricing benchmarks set by sale and purchase transactions in a fully informed market the ASX which is subject to continuous disclosure rules aimed at providing that market with the necessary information to make informed decisions to buy or to sell.</p> <p>Consequently, this approach provides a “fair price”, independently determined by a real market. However, the question of a fair price for a particular transaction requires an assessment in the context of that transaction taken as a whole.</p> <p>In taking a quoted market price based assessment of the consideration to both parties to the Proposed Transaction, the overall reasonableness and benefits to the non-participating shareholders must be carefully evaluated.</p>
<p>Market Approach Method</p> <p>The market based approach estimates a company’s fair market value by considering the market prices of transactions in its shares or the market value of comparable assets.</p> <p>This includes, consideration of any recent genuine offers received by the target for an entire entity’s business, or any business units or asset as a basis for the valuation of those business units or assets, or prices for recent sales of similar assets</p>

Appendix C – Glossary

In this report, unless the context requires otherwise:

Term	Meaning
AU\$	Australian Dollar
APES 225	APES 225 Valuation Services sets out mandatory requirements and guidance for members who provide valuation services.
Business	The business of CardieX Limited
Act	Corporations Act 2001
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange or ASX Limited ACN 008 624 691
Board	The Board of Directors of CardieX Limited
CardieX	CardieX Limited
Company	CardieX Limited
Conversion Agreement	Debt to Equity Conversion Agreement between CardieX and C2V
CUA	Commitment and Underwriting Agreement between CardieX and C2V dated 18 January 2024
Directors	The Directors of CardieX Limited
Entitlement Offer	Pro rata offer of shares to eligible shareholders on the basis of 1 new share for every 2.87 existing shares held at an issue price of AU\$0.08 per share together with 1 quoted option for every 3 new shares subscribed for to raise up to AU\$4,000,000
Explanatory Statement	The explanatory statement accompanying this Notice
Facility Limit	Maximum loan facility available under the FCA
FCA	Funding Commitment Agreement between CardieX and C2V dated 3 November 2023
FME	Future Maintainable Earnings
FY	Financial Year
HY	Half Year
IER	This Independent Experts Report
Income Tax Assessment Act	the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997
Listing Rules	The official listing rules of ASX and includes the business rules of ASX
LTM	Last Twelve Months
Moore Australia or MACF	Moore Australia Corporate Finance (WA) Pty Ltd
Non-Associated Shareholders	Shareholders who are not a party to, or associated with a party to, the Proposed Transaction
Notice or Notice of Meeting	The Notice of Meeting in relation to the Proposed Transaction and related matters
NTM	Next Twelve Months
Placement	The offer of up to 50,000,000 new shares at an issue price of AU\$0.08 per share, together with 16,666,667 quoted options to raise up to AU\$4,000,000

Term	Meaning
Prospectus	The Cardix Prospectus dated 19 December 2023 for the Entitlement Offer and Placement
Proposed Transaction	The issue of shares to related party, C2V.
Register	The register of members of CardieX Limited shareholders or option holders, as the case requires
Resolutions	Means the resolutions set out in the Notice, or any one of them, as the context requires
RG111	ASIC Regulatory Guide 111 <i>Content of Experts Reports</i>
Section	Means a section of this report
S&P Capital IQ	Third party provider of company and other financial information
US\$	United States Dollar
VWAP	Volume weighted average price
WSGR	Wilson Sonsini Goodrich & Rosati

Appendix D – Comparable Companies

Company Name	Ticker	Market Capitalisation (AU\$m)	Cash (AU\$m)	Debt (AU\$m)	Enterprise Value * (AU\$m)	FY23 EBITDA (AU\$m)	LTM EBITDA (AU\$m)	FY23 Revenue (AU\$m)	LTM Revenue (AU\$m)	FY23 Revenue Multiple (x)	LTM revenue Multiple (x)	Business Description
Atomo Diagnostics Limited	ASX:AT1	18.5	6.5	0.2	16.8	(8.3)	(6.1)	2.5	3.1	6.6x	5.4x	Atomo Diagnostics Limited engages in the development and sale of medical devices worldwide. It offers rapid diagnostic test devices for HIV screening, pregnancy test, and respiratory test. Atomo Diagnostics Limited was incorporated in 2010 and is headquartered in Leichhardt, Australia.
Micro-X Limited	ASX:MX1	59.6	5.3	4.3	73.5	(17.0)	(21.0)	15.0	15.2	4.9x	4.8x	Micro-X Limited designs, develops, manufactures, and commercializes medical and security imaging products using cold cathode X-ray technology for the healthcare and security markets in Australia. The company offers rover veterinary, a mobile X-ray machine to diagnose and treat animals for general veterinarian practices; rover medical; IED X-ray cameras; miniature baggage scanners to detect hidden threats within passenger carry-on luggage; brain CT scanners for use in road and air ambulances; and DRX-Revolution Nano, a mobile X-ray imaging machine used for high intensity workflow diagnostic medical imaging in hospitals. The company was incorporated in 2011 and is based in Tonsley, Australia.
Control Bionics Limited	ASX:CBL	8.0	1.3	0.1	8.8	(4.9)	(4.1)	5.6	5.7	1.6x	1.5x	Control Bionics Limited, together with its subsidiaries, engages in the research, development, commercialization, and sale of assistive communications technology systems in Australia and North America. The company offers NeuroNode Trilogy and NeuroNode3 systems that allow people with speech and movement difficulties to control a computer for speech generation, electronic communications, entertainment, and external control of other devices. It also provides Cosmos Connect, a small portable control device that can be used with a Windows display device; NeuroNode, a wireless wearable sensor that gives the user the ability to access their technology

Company Name	Ticker	Market Capitalisation (AU\$m)	Cash (AU\$m)	Debt (AU\$m)	Enterprise Value * (AU\$m)	FY23 EBITDA (AU\$m)	LTM EBITDA (AU\$m)	FY23 Revenue (AU\$m)	LTM Revenue (AU\$m)	FY23 Revenue Multiple (x)	LTM revenue Multiple (x)	Business Description
												by bioelectric signals or spatial movements; Uno Touch, a speech generating device; NeuroNode Duo, a wireless sensor; and Eye gaze Duo that allows the user to control a computer mouse with their eyes. Control Bionics Limited was incorporated in 2005 and is based in Camberwell, Australia.
Resonance Health Limited	ASX:RHT	31.3	5.9	0.3	33.5	(1.3)	(1.1)	4.5	5.6	7.5x	5.9x	Resonance Health Limited, a healthcare technology and services company, designs, develops, manufactures, and commercializes software-as-medical devices in the Asia Pacific, North America, Europe, the Middle East, and Africa. The company offers FerriScan, a non-invasive MRI based system for quantifying liver iron concentration (LIC); FerriSmart, an artificial intelligence (AI) assisted device for the automated real-time assessment of LIC; HepaFat-AI, an AI-trained device for the automated real-time multi-metric measurement of liver-fat; CardiacT2, a dual analysis service with FerriScan for assessing heart iron loading; HepaFat-Scan, a non-invasive MRI-based solution for the assessment of liver-fat in liver tissue; and LiverSmart, a non-invasive MRI-based multi-parametric device combining FerriSmart and HepaFat-AI into a consolidated report. It also provides quantitative imaging measurements and CRO services, such as quality-assured image analysis, project and data management, and issue resolution services; biomarkers, genomics, and laboratory analysis services, as well as works with third party pathology laboratories for blood/sample collection and for standard biochemical/lab safety assessments; design and protocol development, and project management and monitoring services; assessment of subject inclusion or exclusion, evaluating the safety profile of a new therapy, and supporting primary and secondary end-points demonstrating drug

Company Name	Ticker	Market Capitalisation (AU\$m)	Cash (AU\$m)	Debt (AU\$m)	Enterprise Value * (AU\$m)	FY23 EBITDA (AU\$m)	LTM EBITDA (AU\$m)	FY23 Revenue (AU\$m)	LTM Revenue (AU\$m)	FY23 Revenue Multiple (x)	LTM revenue Multiple (x)	Business Description
												efficacy services; and phantoms for the MRI machines. The company serves clinicians for the management of human diseases; and pharmaceutical and therapeutic companies for their clinical trials. Resonance Health Limited was incorporated in 1987 and is headquartered in Burswood, Australia.
Uscom Limited	ASX:UCM	7.6	3.2	3.0	9.3	(2.4)	(1.9)	2.7	3.4	3.5x	2.8x	Uscom Limited designs, develops, manufactures, and markets non-invasive cardiovascular and pulmonary medical devices worldwide. It offers USCOM 1A, a non-invasive hemodynamic monitor that measures cardiovascular function using Doppler ultrasound; BP+, a supra-systolic oscillometric central blood pressure monitor that measures blood pressure and blood pressure waveforms at the heart, as well as in the arm; and SpiroSonic, a pulmonary function testing device based on multi-path ultrasound technology. The company also provides the SpiroSonic AIR, a technology based on digital transit-time ultrasound comprising enhanced wireless and internet connectivity that allows clinicians to interface with several proprietary apps and software platforms; eHealth, which profiles cardiovascular and pulmonary function in a novel way; and respiratory devices. It serves hospitals and other medical care locations through a network of distribution partners. The company was incorporated in 1999 and is headquartered in Sydney, Australia.
CleanSpace Holdings Limited	ASX:CSX	24.0	1.3	3.7	32.3	(11.3)	(7.4)	12.1	13.7	2.7x	2.4x	CleanSpace Holdings Limited engages in the design, manufacture, and sale of respirators and related products and services for healthcare and industrial employers worldwide. It offers CleanSpace HALO, a personal respiratory protection for healthcare; CleanSpace ULTRA, a personal respiratory protection for face/eye protection and water tolerance;

Company Name	Ticker	Market Capitalisation (AU\$m)	Cash (AU\$m)	Debt (AU\$m)	Enterprise Value * (AU\$m)	FY23 EBITDA (AU\$m)	LTM EBITDA (AU\$m)	FY23 Revenue (AU\$m)	LTM Revenue (AU\$m)	FY23 Revenue Multiple (x)	LTM revenue Multiple (x)	Business Description
												CleanSpace2, a personal respiratory protection for workers in general industrial environments; and CleanSpace EX for personal protection for people working in explosive environments. The company provides accessories and consumable products comprising masks, filters, docking stations, cleaning and storage products, car chargers, biohoods, half mask and bio mask exhalation adaptors, unit id panels, mask id badges, mask decal, helmet hook strap, hoods, backpacks, full face mask quantitative fit test, full face mask spectacle kits, visor protectors, head harness, grommet, and spares. In addition, it is involved in e-shops related business. The company serves mining, welding, construction, laboratory, dental, wastewater, and healthcare and first responder's industries. CleanSpace Holdings Limited was founded in 2009 and is based in St Leonards, Australia.
Nova Eye Medical Limited	ASX:EYE	46.9	2.6	1.2	57.2	(9.5)	(7.5)	17.0	18.8	3.4x	3.0x	Nova Eye Medical Limited designs, develops, manufactures, markets, and sells surgical devices for the treatment of glaucoma in Australia, the United States, Europe, the Asia Pacific, and internationally. It offers iTrack, a surgical system for the reduction in intraocular pressure (IOP) in adult patients with open-angle glaucoma; iTrack Advance, a canaloplasty microcatheter; Molteno3, a glaucoma drainage device to treat patients with severe or complex glaucoma; and 2RT, a proprietary laser technology to treat patients in early/intermediate age-related macular degeneration. Nova Eye Medical Limited was incorporated in 1970 and is headquartered in Kent Town, Australia.
Medical Developments International Limited	ASX:MVP	53.1	15.7	2.4	53.1	(15.9)	(20.8)	32.3	33.5	1.6x	1.6x	Medical Developments International Limited manufactures and distributes emergency medical solutions in Australia, Europe, the United States, and internationally. The

Company Name	Ticker	Market Capitalisation (AU\$m)	Cash (AU\$m)	Debt (AU\$m)	Enterprise Value * (AU\$m)	FY23 EBITDA (AU\$m)	LTM EBITDA (AU\$m)	FY23 Revenue (AU\$m)	LTM Revenue (AU\$m)	FY23 Revenue Multiple (x)	LTM revenue Multiple (x)	Business Description
												company operates through Pain Management and Respiratory segments. It offers respiratory devices for sufferers of asthma and chronic obstructive pulmonary disease (COPD); and Pentrox, a trauma and emergency pain relief product; and medical devices. The company also provides asthma and COPD products, such as space chambers and silicone face masks. The company was founded in 1971 and is headquartered in Scoresby, Australia.
Average		31.1	5.2	1.9	35.6	(8.8)	(8.7)	11.5	12.4	4.0x	3.4x	
Median		27.6	4.2	1.8	32.9	(8.9)	(6.7)	8.9	9.7	3.4x	2.9x	

*Includes a premium for control of 25%

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HELPING YOU THRIVE IN A CHANGING WORLD

Your proxy voting instruction must be received by **09.30am (AEST) on Saturday, 01 June 2024**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of Key Management Personnel.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



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