



ASX ANNOUNCEMENT

29 October 2021

CardieX September 2021 Quarter Update

Highlights:

- CardieX subsidiary CONNEQT, signed a three-year strategic agreement with Fenda Technology (SZSE:002681) to develop and manufacture CONNEQT wearable devices, with an initial focus on the CONNEQT Band;
- Expanded footprint in China with key industrial design hire to accelerate CONNEQT's development efforts with Fenda Technology;
- Bayer AG (BAYN.DE) and CardieX subsidiary ATCOR entered into an Amended Agreement for the lease of ATCOR devices and the provision of expanded data management services for Bayer's 'CONCORD' clinical trial;
- CardieX and Mobvoi preparing for the commercial launch of a new smartwatch with advanced heart health features "Powered by" CardieX subsidiary ATCOR in the US and Australia;
- Corporate update & procedure for exercise of 2021 options by shareholders;
- Total cash reserves of \$1.49 million at 30 September 2021 – to be bolstered by up to \$8 million from the November listed and unlisted option expiry (if fully exercised) – providing financial support & capability to implement identified strategic initiatives;
- All Directors who hold November options intend to exercise to the full capacity allowed as announced on 24 August 2021. To date \$1,000,000 has been received from C2 Ventures Pty Ltd (Niall Cairns (Chairman) and Craig Cooper (CEO)).

On behalf of CardieX Limited (CardieX, the "Company"), I'm pleased to provide the following update on our activities during the September 2021 quarter.

Strategic Development and Manufacturing Agreement with Fenda Technology

In an important strategic development post the end of the quarter, CardieX's new consumer brand subsidiary, CONNEQT, entered into a manufacturing & development partnership agreement with Fenda Technology Co., Ltd (Fenda), a leading Chinese wireless solution provider and manufacturer of smart wearable products (refer: ASX 6 October 2021).

Following a development and collaboration partnership between CONNEQT and Fenda that commenced in April 2021, this new three-year agreement will initially focus on the product



development and manufacturing of the CONNEQT Band and will also extend to other devices in development by CONNEQT during the period.

Under the agreement, CONNEQT and Fenda will collaborate to develop and manufacture the CONNEQT Band, a wearable device that will include a full suite of patented health parameters, including dual-PPG sensing technology, as well as a comprehensive ecosystem of unique health and wellness features focused on heart health.

In June 2021, CardieX announced a strategic collaboration agreement with LifeQ, a world-leading provider of biometrics and health information metrics for wearable devices (refer: ASX 22 June 2021). LifeQ will contribute to the design and development work on the CONNEQT Band in concert with Fenda and CONNEQT.

The CONNEQT Band development process will greatly benefit from LifeQ and CONNEQT's joint IP incorporation to deliver an innovative combination of clinical and lifestyle-related health metrics, solutions, and insights for consumer, healthcare, and enterprise customers.

This agreement with Fenda is a pivotal step toward FDA clearance and commercialization of the CONNEQT Band.

Clinical Trial Expansion with Bayer AG

This quarter Bayer AG and CardieX entered into a new Amended Agreement for both the lease of ATCOR devices and the provision of expanded data management services for Bayer's 'CONCORD' clinical trial that is being conducted in patients with chronic diseases - diabetes and/or hypertension.

This was a second material expansion of the current CONCORD trial, which commenced in 2017 with an initial contract value of \$US756K. The original agreement for the trial was expanded in March 2020 to a contract value of \$US1.53M (refer: ASX 26 March 2020).

The latest increase now brings the total contract value to an excess of \$US2m (AU\$2.76m) (refer: ASX 25 August 2021). The increase in contract value relates to additional incremental patient visits over 2 additional countries. The CONCORD trial now has ATCOR technology being used at 84 sites across 13 countries for this contract alone.

The contract amendment and expansion with Bayer validates the capabilities of CardieX's FDA-cleared SphygmoCor® technology – the same technology proposed to be used in our CONNEQT Band and upcoming smart home health devices.

The continued demand for contracted clinical trials using the ATCOR XCEL device and data management services continues to add significant new incremental revenue to the Company.



Mobvoi Partnership Launch Update

Following CardieX's announcement of a commercial partnership with global consumer electronics company Mobvoi in September 2020, the two companies have been working closely to develop a new consumer smartwatch under the Mobvoi brand developed with advanced heart health features "Powered by ATCOR", a subsidiary of CardieX.

The smart wearable will feature ATCOR's proprietary Arty® Heart Health analytics platform, which is an advanced heart and arterial health management ecosystem that leverages the Company's FDA-cleared SphygmoCor® technology for measuring central arterial pressure waveforms and other clinically relevant biometrics.

In addition, the new smartwatch will be the first in the world to feature Arty® Score, Exercise Capacity® (eCAP®), ArtyAge®, TruHR®, and HSX™ (Heart Stress Index) – unique technology enabled by the Arty® Heart Health analytics platform. Hardware and firmware development has been led by Mobvoi focused on integration of proprietary Arty® Heart Health algorithms.

In April 2020, ATCOR successfully demonstrated the ability to extract clinically relevant cardiovascular and consumer health data features from a finger-activated PPG sensor that can be integrated into wearable devices.

Now, this capability is patent-pending along with more than a dozen trademarks for unique features that can now be realized going forward and integrated into CardieX's upcoming suite of products. The wearable launch with Mobvoi represents the first commercial implementation of this innovative functionality from ATCOR.

Corporate

During the quarter, revenue in traditional medical markets was \$951k, and cash receipts from customers was \$685k. The difference reflects the timing of revenue recognition and cash receipts for Clinical Trial and other contracts the Company has on foot. The Company is pleased to report that at the end of the quarter the sales pipeline was strong and an expectation that the business will achieve its growth objectives in the FY22 year.

There was an increase in operating expenditure in the quarter as a result of furthering the Company's objectives for the CONNEQT brand. Staff costs increased to \$1.5m in the quarter due to an increase in product development staff headcount, and advertising and marketing costs increased to \$316k in line with new branding and marketing campaigns associated with brand development and launch planning of new product lines that have been announced to the market.

At 30 September 2021 the Company had a cash balance of AU\$1.49 million. This is expected to be significantly increased, by up to \$8m from the November listed and unlisted option expiry (if fully exercised).



2021 Annual General Meeting

CardieX Limited (ASX: CDX or 'the Company') advises that the Company indicatively intends to hold the Annual General Meeting (the Meeting) during the third week of December 2021, being later than it is otherwise normally permitted. The Company intends to do so relying on ASIC's 'no action' position for Annual General Meetings noting the COVID-19 pandemic.

In accordance with ASX Listing Rule 14.3, the Company notes that the last day for Director Nominations is expected to be 5:00pm AEDT on 5 November 2021. The Company will provide further updates to the ASX as it finalises its Annual General Meeting agenda.

Options Campaign, Update and Communications to Option Holders

As announced on 24 August 2021, all directors who hold the Company's options expiring 30 November 2021 intend to exercise their Options to the maximum capacity allowed under the Corporations Act 2001, noting that C2 Ventures Pty Ltd ("C2V"), an entity controlled jointly by Craig Cooper (CEO) and Niall Cairns (Chairman), currently holds ~20% of the Company's ordinary securities. As of today's date, C2 Ventures has already exercised 20,000,000 CDXO options, with \$1,000,000 received by the Company in October 2021.

Shareholders are advised the Company is underway with a communication program with the Company registry and Peloton Shareholder Services to contact option holders to assist them converting their CDXO. All option holders wishing to convert their November 2021 options in the Company should email: 2021options@cardiex.com.

Payments to related parties and their associates in the quarter were AU\$174k and all related to remuneration for services under existing services agreements, with no non-remuneration payments made in the quarter to those parties.

Thanks to all our shareholders and partners for their continuing support. I hope you share the excitement we have for the upcoming year as we continue to execute on our corporate and strategic plan.

A handwritten signature in black ink, appearing to read "Craig Cooper".

Craig Cooper
CEO & Managing Director

Approved by the Board of Directors and Released by Jarrod White, Director.



For more information please contact:

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About CardieX

CardieX is a global health technology company. Its ACTOR subsidiary is a world leader in medical devices and digital solutions for hypertension, cardiovascular disease, and other vascular health disorders. Its CONNEQT subsidiary develops and markets consumer home health devices and wearables. CardieX is listed on the Australian Stock Exchange (ASX:CDX).

Appendix 4C

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

Name of entity

CardieX Limited

ABN

81 113 252 234

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		685	685
1.2 Payments for			
(a) research and development		(546)	(546)
(b) product manufacturing and operating costs		(211)	(211)
(c) advertising and marketing		(316)	(316)
(d) leased assets		(49)	(49)
(e) staff costs		(1,498)	(1,498)
(f) administration and corporate costs		(187)	(187)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	-
1.5 Interest and other costs of finance paid		(26)	(26)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(2,148)	(2,148)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(33)	(33)
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(33)	(33)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	23	23
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1)	(1)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	22	22

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,665	3,665
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,148)	(2,148)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(33)	(33)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	22	22
4.5	Effect of movement in exchange rates on cash held	(16)	(16)
4.6	Cash and cash equivalents at end of period	1,490	1,490

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,490	3,665
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,490	3,665

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	174
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1,040	1,040
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	1,040	1,040
7.5	Unused financing facilities available at quarter end		-
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p><i>On 25 March 2020, the Company entered into a \$1,500,000 term loan facility, secured against future R&D refunds to be received by the Company and its wholly owned subsidiary AtCor Medical Pty Ltd. The facility is a prepayment of forecasted R&D tax incentive claim for the years ended 30 June 2020 and 2021. The Facility attracts interest at 1.25% per calendar month. The Group repaid \$460,000 in November 2020. The Company is currently in negotiations with the debt provider to extend repayment terms and intends to repay the Facility in full out of proceeds received from the 2021 R&D Incentive as well as option conversion funds received.</i></p> <p><i>Please refer to the ASX Announcement dated 25 March 2020 for further details.</i></p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,148)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,490
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,490
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.69
	<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>	
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <p>Answer: Yes</p>	

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

Answer: Yes. Since 30 September 2021, the Company has raised more than \$1,120,000 in capital from conversions of its 5 cent listed and unlisted options expiring on 30 November 2021. At the date of the release of this report there are a further 140,609,171 options on issue (with potential of up to \$7,030,458 in additional funding) for which the Company anticipates a strong conversion rate. The Company has engaged with Peloton Shareholder Services, a shareholder engagement firm to contact Option holders to assist them in converting their CDXO.

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

Answer: Yes. If required, the Company has the ability to raise additional funds on a timely basis pursuant to the Corporations Act 2001, and the Directors have no reason to believe that the Company will not be able to continue to source equity or alternative funding if required. The Company notes the current negotiations on foot with current debt providers as being indicative of this.

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

Compliance statement

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

Date: 29 October 2021

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

Notes

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