



ASX ANNOUNCEMENT

31 January 2022

CardieX December 2021 Quarterly Update

Highlights:

- **CONNEQT, Inc (CONNEQT) business update – continued progress in relation to CONNEQT Pulse and CONNEQT Band product development and FDA clearances;**
- **Update on Mobvoi smartwatch partnership and commercial launch;**
- **ATCOR division continues to target full year profitability;**
- **Strong shareholder take up in November Options Exercise of CDXO and November Options with 92.82% total conversion raising \$7,666,510;**
- **CDX in a strong financial position to pursue growth initiatives across medical and consumer device divisions.**
- **Intention to list on the US OTCQX Market announced subsequent to 31 December 2021, providing direct access for US strategic and institutional investors, as well as increasing the profile of the Company globally in advance of multiple new product launches.**
- **Total cash reserves of \$5.47 million at 31 December 2021.**

On behalf of CardieX Limited (CardieX, the “Company”), I’m pleased to provide the following update on our activities during the December 2021 quarter.

CONNEQT Business Update

Since the establishment of the CONNEQT brand and business in April 2021, significant progress has been made in all aspects of the business on the path to becoming a global leader in wearable and home vascular health solutions.

CONNEQT remains focused on delivering consumer wearable and home health products, and creating digital solutions that seamlessly connect patients and their doctors with the data they require to provide better health treatment and outcomes. CONNEQT is in the process of seeking FDA clearance for these products and digital solutions.

CONNEQT Pulse & App

The final steps towards lodging the CONNEQT Pulse & App for FDA 501(k) clearance are being undertaken, with technical and product development work now complete and regulatory documentation in the final stages of completion. The FDA lodgement, via our manufacturing partner Andon, is expected shortly in the current quarter.

Upon launch, (and post FDA-clearance) the CONNEQT Pulse will be the world’s first home-use dual blood pressure (BP) management system incorporating the Company’s “SphygmoCor®” technology.



CONNEQT Band

Since the announcement of our strategic relationships with Fenda Technology and LifeQ (refer ASX announcement 29 October 2021), significant progress has been made on the development of the CONNEQT Band.

Upon launch, the CONNEQT Band will be the first-to-market smart wearable to feature a full suite of patented health and wellness features focused on heart and arterial health, including a first-in-kind blood pressure monitoring PPG sensor powered by ATCOR's patented SphygmoCor® technology.

CONNEQT "Go-to-Market"

The go-to-market (GTM) strategy development continues to gain momentum. During the quarter, the CONNEQT GTM team was enhanced with the support from global industry leaders Butchershop, one of the world's most innovative brand and digital experience agencies, and Real Chemistry, a global health marketing company specializing in data driven GTM activation strategies.

Mobvoi Smartwatch Update

Pre-launch activities ramped up during the quarter in collaboration with Mobvoi. We have built a pipeline of dozens of key influencers/opinion leaders (KOLs) and global technology media journalists as part of our pre and post-launch marketing and media strategy which is currently under embargo. In addition, customer support systems have been established, product inventory is being built up and final pre-launch testing is underway.

Commercial launch is expected within the current March 2022 quarter, and launch announcement will be made shortly before launch dates in the US and Australia/New Zealand, to be advised by Mobvoi.

ATCOR

The ATCOR business is largely dependent on the timing of clinical trials, some of which have been impacted and delayed due to the lack of patients and issues surrounding the COVID-19 pandemic.

This has led to the early completion of an existing clinical trial and the delay in commencing a major new clinical trial. Despite this, quarterly cash receipts have increased on the previous quarter and we expect the 3rd and 4th quarters of FY22 are expected to deliver the required growth for the company to meet its previously announced profitability targets.

Other Corporate Initiatives

OTC Quotation & Consolidation

Post quarter end, CardieX announced that it has commenced the process to apply for an OTCQX quotation on the OTC Markets in the US (refer ASX 19 January 2022).

The timing for OTCQX secondary quotation is currently anticipated to be upon the completion of meeting the OTCQX criteria, which is likely to be within a month of the Company's upcoming Extraordinary General Meeting (EGM).



The principal reasons for the planned OTCQX quotation include:

1. Providing direct access for US strategic and institutional investors to invest in the Company through a known US share trading market;
2. Increasing the profile of the Company in advance of the launch of multiple new products in the US market and globally, noting that the Company is in the process of seeking FDA clearance for these products and digital solutions;
3. Increasing the potential for a revaluation of the Company in line with other comparable wearable and health technology companies in the US such as WHOOP, Oura, Levels, Supersapiens and Fitbit; and
4. Providing more visibility of the Company's core technology and product ecosystem with strategic partners and investors globally.

The Company has announced that an Extraordinary General Meeting (refer ASX 14 January 2022) will be held on 16 February 2022 seeking shareholder approval for a 10-for-1 consolidation of the Company's fully paid ordinary shares, performance rights, and unlisted options (to reduce the number of shares on issue to ~110 million). Consolidation of the Company's share capital is required in order to meet the minimum share price quote under OTC listing rules.

Subject to shareholder approval at the EGM, normal T+2 trading would commence on a consolidated basis on ASX, 1 March 2022.

Commensurate with the above, the Company has appointed leading investor relations firm Integrous Communications to manage and facilitate the Company's expanded communications strategy into the USA investment community.

Operations Review

During the quarter, unaudited revenue in traditional medical markets was \$1.11m, and cash receipts from customers increased by 49% to \$1.02m compared to the prior quarter. The Company is pleased to report that it had a cash balance of AU\$5.47m at 31 December 2021.

CardieX continues to make good progress to build out its global development, engineering, and marketing teams in anticipation of multiple new product launches this year. During the quarter, CardieX spent \$492k on product development and operating costs on new and existing products.

Of note, \$200k was spent on advance orders for CONNEQT Band component inventory in order to ensure security of supply chain for that device. The Group also incurred marketing costs of \$434k, an increase of \$118k compared to the prior quarter due to additional marketing activity in preparation for the CONNEQT and Mobvoi product launches.

Payments to related parties and their associates in the quarter were AU\$208k which were all related to remuneration for services under existing services agreements, with no non-remuneration payments made in the quarter to those parties.

In December 2021, CardieX made a \$594k repayment against a debt facility held with Mitchell Asset Management Pty Ltd. At the end of the quarter the balance of the facility is \$446k, which will be repaid by way of R&D tax incentive proceeds that the Company is expecting to receive during the March 2022 quarter.



Results of November Options Exercise

During the quarter, CardieX reported the results of a November Options Exercise and Closeout of CDXO Option Campaign (refer ASX 6 December 2021). The exercise and expiry of CDXO (ASX:CDXO), and unlisted Options were both exercisable at \$0.05 and expired on 30 November 2021 (together the “November Options”).

Of the 127,675,656 listed CDXO Options and 37,500,000 unlisted options on issue, being a total of 165,175,656 November Options, 153,330,197 were fully exercised by November Option holders, raising a total of \$7,666,510, representing a conversion of 92.82%.

In addition, the Company advised that C2 Ventures Pty Ltd (“C2V”), an entity jointly controlled Craig Cooper (CEO), and Niall Cairns (Chairman), had exercised 2,420,455 listed CDXO Options and 37,500,000 unlisted Options at \$0.05, representing \$1,996,023 contribution to working capital of CardieX.

Importantly, all directors exercised all of their Options available for conversion taking total Board participation inclusive of C2V beyond \$2,000,000 of the total November Options exercise.

The funds raised through the exercise of Options are being used to accelerate the Company’s strategic vision, including new product development and go-to-market strategy, partnerships, FDA clearances, and other strategic initiatives across its medical and new consumer device divisions.

Finally, I’d like to thank shareholders for their continuing support and patience as we navigate our new product launches in the current global climate. We are on path to create and own a significant new global health category in “vascular health” with multiple new products on track for launch in the calendar year - including two “world-first” devices targeting the home health and wearable markets.

Our move to a joint listing on the OTCQX market is also significant in exposing the Company to an investment community in the USA market that we anticipate will re-value our business in line with comparable USA companies in similar sectors.

I continue to be excited and passionate about the growth opportunity and the disruptive nature of our vision for making a positive impact on global health outcomes.

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

Craig Cooper
Chief Executive Officer

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



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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).