

Appendix 4E Preliminary Final Report

For the Year Ended 30 June 2023

The following information must be given to ASX under listing rule 4.3A.

1. Company Details

Name of entity:	CardieX Limited
ABN:	81 113 252 234
Reporting period	For the year ended 30 June 2023
Previous reporting period	For the year ended 30 June 2022

2. Results for Announcement to the Market

Revenue from ordinary activities	Up	13%	to	4,604,284
Loss from ordinary activities for the period after tax attributable to members	Down	61%	to	(19,063,305)
Net loss for the period attributable to members	Down	61%	to	(19,063,305)

3. Review of Operations and Financial Results

Revenue and Expenses

Revenue from ordinary activities (including royalties) increased by 13% to \$4,604,284, primarily due to lease and service revenue derived from clinical trials, as well as strong sales performance in the Asia Pacific region.

The Group's net loss for the period attributable to members decreased by 61% to \$19,063,305, largely due to:

- Share based payments (non-cash) of \$2,067,699, which is in line with the prior year.
- US listing expenses of \$3,292,403; including direct legal, audit and accounting expenses that have been expensed, not capitalised.
- An increase of \$2,119,772 (27%) in employee benefits (excluding share-based payments) as a result of the continued expansion of the Group's US, Sydney, and remote product development teams. This includes a number of key new executive, business development, demand generation, and operational support roles to enable the implementation of Go to Market strategies for the upcoming release of the CONNEQT Pulse and product ecosystem.
- An increase of \$988,003 (57%) in other administrative expenses incurred in supporting the Group's expansion in the US, including additional advisory and investor relations services in relation to the US listing, IT infrastructure upgrades etc.
- An increase of \$1,531,549 (64%) in product development expenditure, primarily due to costs incurred in obtaining FDA clearance for the CONNEQT Pulse, as well as ongoing costs for software development for the CONNEQT product ecosystem.

Statement of Financial Position

The Group's Balance Sheet has significantly changed during the financial year, especially the large increase in both Current Assets and Current Liabilities. This has been driven by a combination of factors that are outlined below:

- Current Assets increased significantly during the financial year, as follows:
 - Cash balances are lower partly due to increased run rate of costs in the year, primarily due to additional head count, inventory purchasing, and US listing expenses.
 - Receivables have increased by 175% to \$2,239,241 due to the increase in sales and timing of receipts from Clinical trials.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

- Inventory has increased by 67% to \$1,661,896 as stock levels increased to meet forecast demand from Clinical trials and sales, in addition to purchase of components for Pulse and Xcel future builds.
- Financial assets comprise the inHealth convertible note investment, which moves from Non-Current to Current.
- Non-Current Assets are significantly reduced due to the movement of the inHealth Convertible Note from Non-Current to Current Assets, whilst Property, Plant and Equipment increased by 38% to \$1,471,717 as investment was made in equipment required to manufacture new and existing products.
- Liabilities and Current Liabilities increased significantly, driven by:
 - Unearned revenue increased by \$2,164,321 to \$3,041,633 due to the increase of contracted but unearned revenues related to cash deposits from the Andwin and Clinichain clinical trials. These revenues are expected to be realised in the following financial year.
 - Trade Creditors increasing to \$7,459,729 due to a combination of the costs of the US listing and the timing of payments for product development and inventory build-up.
 - Financial liabilities of \$2,193,843 comprise the Convertible Note raised during the financial year and convertible at the next capital raising.
- The Group is in a Net Liability position, due to the classification of the Convertible notes as Current Liabilities. On the basis that the convertible notes that automatically convert at the next capital raising were classified as equity then the Group would be in a Net Asset position. In addition, unearned revenue is expected to be realised during the financial year ended 30 June 2024, therefore further reducing this liability balance.

Cashflows

- Net cash used in operating activities increased to \$11,996,350 (2022: \$9,150,712) as a result of the continued expansion of product development and sales expansion initiatives in the Group, as well as costs incurred in pursuing a US listing.
- Receipts from customers for the year increased to \$5,332,700 (2022: \$4,291,582), partially due to a 13% increase in sales, as well the value of customer deposits received from clinical trials exceeding the revenue for these revenue streams.
- Receipts for R&D tax incentives increased to \$723,628 (2022: \$468,927), which were used to pay down the Group's R&D loan facility with Mitchell Asset Management.
- Payments to acquire property, plant and equipment decreased to \$57,703 (2022: \$420,986) primarily due to expenditure incurred in the prior year on upgrading manufacturing equipment and fit out costs for a new premises.
- Net cash provided by financing activities increased to \$11,352,381 (2022: \$7,413,502), as required by the Group to support its growth initiatives.

4. Dividends

No dividends have been paid or proposed by CardieX Limited during the year.

5. Net tangible assets per security

	Current Period 2023 Cents per share	Previous Period 2022 Cents per share
Net tangible asset backing per ordinary share	(1.14)	5.7

6. Control gained or lost over entities

No gain or loss of control over any entities occurred in the reporting period.

7. Details of associates and joint venture entities

Not applicable.

8. Significant information needed by an investor

Further significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position will be included in the annual report.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

9. Foreign entities set of accounting standards used in compiling the report (IAS)

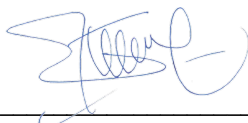
The Company is not a foreign entity. Australian Accounting Standards have been applied consistently across all entities in the Group.

10. Audit status

The report is based on accounts that are in the process of being audited.

11. Compliance statement

The financial report includes the consolidated financial statements and notes of CardieX Limited and controlled entities ('Consolidated Group' or 'Group'). The financial report has been prepared in accordance with ASX Listing Rule 4.3A. The financial report is prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.



Jarrod White
Executive Director

Dated: 31 August 2023

Preliminary Final Report Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income	Page	5
Consolidated Statement of Financial Position	Page	6
Consolidated Statement of Cash Flows	Page	7
Consolidated Statement of Changes in Equity	Page	8
Notes to the Preliminary Final Report	Page	9

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2023**

	Note	2023 \$	2022 \$
Sales revenue	3	4,604,284	4,066,982
Interest income	3	257,656	432,580
		4,861,940	4,499,562
Other income		1,086,918	671,048
Total income		5,948,858	5,170,610
Cost of sales		(905,849)	(1,006,703)
Bad debts expense		10,513	(373)
Marketing and sales expense		(1,272,099)	(1,540,278)
Product development and regulatory expense		(3,908,272)	(2,376,723)
Occupancy expense		(293,467)	(341,339)
Employee benefits expense		(9,879,027)	(7,759,255)
Share based payment expense		(2,067,699)	(2,010,500)
Administration expense		(2,726,428)	(1,738,425)
US listing expense		(3,292,403)	-
Interest expense		(350,521)	(227,945)
Foreign exchange gain / (loss)		67,310	296,307
Fair value loss		(394,221)	(275,010)
Loss before income tax expense		(19,063,305)	(11,809,634)
Income tax expense		-	-
Loss attributable to members of the parent entity		(19,063,305)	(11,809,634)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations		(118,695)	(20,247)
Total comprehensive loss for the period		(19,182,000)	(11,829,881)
Basic loss per share (cents)	4	(14.7)	(11.5)
Diluted loss per share (cents)	4	(14.7)	(11.5)

These financial statements should be read in conjunction with the accompanying notes.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	716,319	1,455,590
Trade and other receivables	6	2,239,241	813,138
Inventory		1,661,896	994,774
Financial assets	7	5,558,069	-
Other current assets		1,433,279	1,566,218
TOTAL CURRENT ASSETS		11,608,804	4,829,720
NON-CURRENT ASSETS			
Property, plant and equipment		1,471,717	1,069,790
Intangible assets	8	633,048	320,885
Financial assets		510,167	6,080,309
Other non-current assets		78,636	77,160
TOTAL NON-CURRENT ASSETS		2,693,568	7,548,144
TOTAL ASSETS		14,302,372	12,377,864
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	7,459,729	2,224,631
Unearned revenue	10	3,041,633	877,312
Provisions		488,774	526,538
Financial liabilities	11	2,193,843	66,778
Lease liabilities		168,951	122,871
Borrowings	12	1,460,959	1,297,505
TOTAL CURRENT LIABILITIES		14,813,889	5,115,635
NON-CURRENT LIABILITIES			
Provisions		6,158	1,824
Lease liabilities		483,096	649,092
TOTAL NON-CURRENT LIABILITIES		489,254	650,916
TOTAL LIABILITIES		15,303,143	5,766,551
NET (LIABILITIES) / NET ASSETS		(1,000,771)	6,611,313
EQUITY			
Contributed equity		76,785,698	67,552,468
Reserves		6,143,413	3,925,422
Accumulated losses		(83,929,882)	(64,866,577)
TOTAL EQUITY		(1,000,771)	6,611,313

These financial statements should be read in conjunction with the accompanying notes.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	5,332,700	4,291,582
Cash receipts from other income	363,947	-
Payments to suppliers and employees	(18,416,625)	(13,911,521)
	(12,719,978)	(9,619,939)
Receipt for R&D tax incentives	723,628	468,927
Interest received	-	300
Net cash used in operating activities	(11,996,350)	(9,150,712)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(57,703)	(420,986)
Payments for intangible assets	(22,573)	(17,070)
Net cash used in investing activities	(80,276)	(438,056)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued	9,913,412	7,602,431
Share issue costs	(535,910)	(148,814)
Proceeds from issue of convertible debt	2,175,000	-
Borrowings received	800,000	1,199,285
Borrowings repaid	(724,923)	(1,055,591)
Convertible notes repaid	(66,778)	-
Finance costs	-	(26,322)
Repayment of lease payments	(208,420)	(157,487)
Net cash provided by financing activities	11,352,381	7,413,502
Net (decrease)/increase in cash held	(724,245)	(2,175,266)
Cash and cash equivalents at beginning of financial year	1,455,590	3,665,259
Effects of foreign currency exchange	(15,026)	(34,403)
Cash and cash equivalents at end of financial year	716,319	1,455,590

These financial statements should be read in conjunction with the accompanying notes.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2023

	Shares on Issue	Reserves	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2021	59,286,666	3,086,032	(53,665,566)	8,707,132
Loss for the year	-	-	(11,809,634)	(11,809,634)
Other comprehensive income	-	(20,247)	-	(20,247)
Total comprehensive income (loss) for the year	-	(20,247)	(11,809,634)	(11,829,881)
Transactions with equity holders in their capacity as owners.				
Shares issued on conversion of options	7,602,431	-	-	7,602,431
Performance rights converted to shares	422,557	(422,557)	-	-
Conversion of convertible notes	270,663	(35,719)	-	234,944
Shares issued in lieu of payments to employees	118,965	-	-	118,965
Performance rights vesting expense	-	1,432,148	-	1,432,148
Options vesting expense	-	494,388	-	494,388
Share issue costs	(148,814)	-	-	(148,814)
Performance rights expired	-	(573,032)	573,032	-
Transfer to retained earnings	-	(35,591)	35,591	-
Balance at 30 June 2022	67,552,468	3,925,422	(64,866,577)	6,611,313
Balance at 1 July 2022	67,552,468	3,925,422	(64,866,577)	6,611,313
Loss for the year	-	-	(19,063,305)	(19,063,305)
Other comprehensive income	-	(118,695)	-	(118,695)
Total comprehensive income (loss) for the year	-	(118,695)	(19,063,305)	(19,182,000)
Transactions with equity holders in their capacity as owners.				
Capital placement	9,913,412	-	-	9,913,412
Shares issued in lieu of payments to employees	35,000	-	-	35,000
Shares issued in lieu of payments to suppliers	89,715	-	-	89,715
Performance rights vesting expense	-	1,666,546	-	1,666,546
Options vesting expense	-	670,140	-	670,140
Share issue costs	(804,897)	-	-	(804,897)
Balance at 30 June 2023	76,785,698	6,143,413	(83,929,882)	(1,000,771)

These financial statements should be read in conjunction with the accompanying notes.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

1. General Information and Statement of Compliance

The financial report includes the consolidated financial statements and notes of CardieX Limited and controlled entities ('Consolidated Group' or 'Group'). The financial report has been prepared in accordance with ASX Listing Rule 4.3A. The financial report is prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

2. Summary of Significant Accounting Policies

Principles of Consolidation

A controlled entity is any entity CardieX Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

All controlled entities have a 30 June 2023 financial year-end for this current year.

As at the reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year ended.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Company.

Where controlled entities have entered or left the Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Functional and presentation currency

The functional currency of the parent entity is Australian Dollars ("AUD") as the parent company is based in Australia and the majority of transactions take place in AUD. The financial statements are presented in AUD which is the presentational currency of the Group, which management have determined that this is the most relevant currency for the users of the financial statements.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

3. Segment Reporting

(a) Description of segments

In the 2023 financial year, the Group operated in one operating segment, being sales of cardiovascular devices and services to hospitals, clinics, research institutions and pharmaceutical companies.

Management has determined the reporting segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board generally considers the business from a geographical perspective and has identified three reportable segments by geographic area.

Geographic areas are:

- Americas (includes global pharmaceutical trials business)
- Europe (includes Middle East and Africa)
- Asia Pacific (includes Asia & Australia/NZ)

(b) Segmental information provided to the Board

				Inter- segment eliminations	Consolidated
2023	Americas	Europe	Asia Pacific		
	\$	\$	\$	\$	\$
Sales to external customers	3,495,752	427,298	681,234	-	4,604,284
Intersegment sales	-	-	4,306,337	(4,306,337)	-
Total sales revenue	3,495,752	427,298	4,987,571	(4,306,337)	4,604,284
Interest income	-	-	257,656	-	257,656
Total segment revenue/income	3,495,752	427,298	5,245,227	(4,306,337)	4,861,940
Segment result	(6,284,080)	328,563	(10,257,591)	(2,850,197)	(19,063,305)
Loss before income tax					(19,063,305)
Income tax expense					-
Loss for the year					(19,063,305)
Segment assets	17,148,504	-	81,512,071	(84,358,203)	14,302,372
Segment liabilities	48,472,296	-	66,653,551	(99,822,704)	15,303,143

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

2022	Americas	Europe	Asia Pacific	Inter- segment eliminations	Consolidated
	\$	\$	\$	\$	\$
Sales to external customers	3,168,257	472,029	426,696	-	4,066,982
Intersegment sales	-	-	1,045,319	(1,045,319)	-
Total sales revenue	3,168,257	472,029	1,472,015	(1,045,319)	4,066,982
Interest income	-	-	432,580	-	432,580
Total segment revenue/income	3,168,257	472,029	1,904,595	(1,045,319)	4,499,562
Segment result	(4,578,606)	191,648	(6,984,150)	(438,526)	(11,809,634)
Loss before income tax					(11,809,634)
Income tax expense					-
Loss for the year					(11,809,634)
Segment assets	14,157,297	-	71,135,687	(72,915,120)	12,377,864
Segment liabilities	38,160,540	-	57,918,055	(90,312,044)	5,766,551

(c) Disaggregation of revenue

Revenue is disaggregated by the country in which the customer is located as this depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

2023	Americas	Europe	Asia Pacific	Consolidated
	\$	\$	\$	\$
Sale of goods	1,626,455	416,594	570,891	2,613,940
Lease revenue	1,121,588	-	-	1,121,588
Service revenue	553,486	1,615	1,295	556,396
Freight revenue	194,223	9,089	3,622	206,934
Royalty income	-	-	105,426	105,426
Total sales revenue	3,495,752	427,298	681,234	4,604,284
Interest income	-	-	257,656	257,656
Total revenue/income	3,495,752	427,298	938,890	4,861,940

2022	Americas	Europe	Asia Pacific	Consolidated
	\$	\$	\$	\$
Sale of goods	1,520,651	457,599	355,880	2,334,130
Lease revenue	1,185,293	-	-	1,185,293
Service revenue	379,418	7,219	8,695	395,332
Freight revenue	82,895	7,211	3,660	93,766
Royalty income	-	-	58,461	58,461
Total sales revenue	3,168,257	472,029	426,696	4,066,982
Interest income	-	-	432,580	432,580
Total revenue/income	3,168,257	472,029	859,276	4,499,562

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

4. Loss per Share

	2023	2022
	\$	\$
Reconciliation of loss:		
Loss after tax	<u>(19,063,305)</u>	<u>(11,809,634)</u>
Weighted average number of ordinary shares outstanding during the year used in calculating loss per share	130,110,549	103,005,388
Basic and diluted loss per share	<u>(14.7)</u>	<u>(11.5)</u>

Performance rights and options to acquire shares that would be dilutive if the Group was generating a profit have been excluded from the weighted average number of issued ordinary shares as the Group is generating a loss.

5. Cash and Cash Equivalents

	2023	2022
	\$	\$
Cash at bank and on hand	<u>716,319</u>	<u>1,455,590</u>
Total	<u><u>716,319</u></u>	<u><u>1,455,590</u></u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less or that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6. Trade and Other Receivables

	2023	2022
	\$	\$
Trade receivables	2,276,474	860,738
Less: Provision for doubtful debts	<u>(37,233)</u>	<u>(47,600)</u>
	<u><u>2,239,241</u></u>	<u><u>813,138</u></u>

Accounting policy for trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment. Trade and other receivables are non-interest bearing and are generally on 30 to 60 day terms.

Collectability of trade receivables is reviewed on an ongoing basis in accordance with the expected credit loss ("ECL") model. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

The ECL assessment completed by the Group as at year end has resulted in an immaterial credit loss and no impairment allowance has been recognized by the Group (2022: \$Nil). A specific provision of \$37,233 (2022: \$47,600) was recognized at financial year end.

Critical accounting judgements, estimates and assumptions

The provision for impairment of receivables and the ECL calculation assessment requires a degree of estimation and judgment. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

7. Financial Assets

	2023	2022
	\$	\$
CURRENT		
inHealth convertible note	5,558,069	-
	5,558,069	-
NON-CURRENT		
inHealth investment	510,167	648,461
inHealth convertible note	-	5,431,848
	510,167	6,080,309
TOTAL FINANCIAL ASSETS	6,068,236	6,080,309

InHealth Medical Services

- On 31 January 2019, the Company exercised in full its option under the agreement to purchase US\$3,000,000 of inHealth Medical Services "Tranche 2" (T2) Convertible Note (the "inHealth Note") securities.
- Both the debt and derivative components of the inHealth Note are measured as a single instrument at FVTPL as there is an embedded conversion feature. It is measured at FVTPL as a single instrument to significantly reduce any measurement or recognition inconsistencies that would arise from other methods.
- By 31 December 2019, the Company had paid the full US\$3,000,000 to inHealth under the Agreement for the T2 Notes.
- In July 2020, the Company and inHealth had signed an agreement to restructure the partnership. Key changes were reducing the outstanding convertible note to US\$2,500,000 by repayment of US\$500,000, extending the maturity date to 1 July 2021, and exchanging the option to move to 50.5% for the issuance of 1% of the fully diluted equity of inHealth.
- In July 2021 it was agreed to further extend the maturity date of the convertible note to 31 December 2021, and further agreed between the parties to forgive accrued interest up until 30 June 2020 totalling A\$338,373 in return for a further 1% of fully diluted equity of inHealth to CardieX.
- In March 2022, the inHealth Note was extended a further term to November 2023, incorporating all interest for the period 1 July 2021 to 28 February 2022 to the principal value of the inHealth Note totalling US\$2,875,317.
- As at 30 June 2023, the face value of the inHealth Note was US\$2,875,317 and US\$229,710 in interest had accrued.
- As at 30 June 2023, the total convertible note asset was fair valued by an external expert at US\$3.69m (30 June 2022: US\$3.74m).
- As at 30 June 2023, the Company holds 7.64% equity in inHealth Medical Services, Inc, currently valued at A\$510k (US\$338k), based on an equity value of US\$4.4m.
- The CardieX Board continues to closely monitor its investment, is in regular communication with inHealth, and is current considering available options as the current amendment of the Note nears maturity towards the end of the 2023 calendar year.

8. Intangible Assets

	2023	2022
	\$	\$
Capitalised development costs	365,838	293,557
Website costs	13,867	27,528
Intangible assets acquired from Blumio Inc	253,343	-
	633,048	320,885

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

Accounting policy for capitalized development costs

Development costs on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.

The costs that are eligible for capitalization of development costs are the following:

- Engineers' compensation for time directly attributable to developing the project.
- An allocated amount of direct costs, such as overhead related to the project and the facilities they occupy.
- Costs associated with testing of the product for market.
- Patents acquisition and registration costs (patents, application fees, and legal fees).
- Other direct developing costs that are incurred to bring the product to market.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. Development costs are amortized on a straight-line basis over the period of expected future sales from the related project which is 5 years. Amortization is recorded in profit or loss.

Critical accounting judgements, estimates and assumptions

Capitalized development costs

The Group capitalizes development costs for a project in accordance with the above accounting policy. Initial capitalization of cost is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of the benefits.

Impairment of intangible assets

The Group assesses impairment of intangible assets other than goodwill at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate several key estimates and assumptions.

9. Trade and Other Payables

	2023	2022
	\$	\$
Trade creditors	6,592,028	1,940,158
Other payables	867,701	284,473
	<u>7,459,729</u>	<u>2,224,631</u>

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the fiscal year and which are unpaid. Due to their short-term nature they are measured at amortized cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

10. Unearned Revenue

	2023	2022
	\$	\$
Advances received from clinical trial contracts	2,908,456	767,535
Unearned revenue from sales of goods	16,409	-
Unearned revenue from customer service contracts	116,768	109,777
	<u>3,041,633</u>	<u>877,312</u>

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

The above unearned revenue relates to contracts where payments have been received, but revenue has not yet been recognised.

Accounting policy for unearned revenue

The above unearned revenue relates to contracts where payments have been received, but revenue has not yet been recognized due to the fact revenue recognition criteria under AABS 15 has not yet been met as goods and services have not yet been provided to the customers.

11. Financial Liabilities

	2023	2022
	\$	\$
Convertible note liabilities	2,175,000	-
Accrued interest on convertible note liabilities	18,843	66,778
Total financial liabilities	<u>2,193,843</u>	<u>66,778</u>

In June 2023, the Company established a Convertible Note Facility, of which by 30 June 2023 \$1,500,000 had been received in Convertible Note subscriptions and \$675,000 received in Converting Note subscriptions. Key terms of the Convertible Note Facility are:

- 10% interest rate, paid quarterly
- Conversion (subject to shareholder approval):
 - Convertible Notes convert at the holder's option.
 - Converting Notes convert at the Company's option, at the next capital raising (Australia or another jurisdiction) of A\$5,000,000 or more.
- Conversion Pricing:
 - The higher of the Floor Price (being the lower of \$0.30 and the price of any capital raising prior to conversion); and
 - A 20% discount to the 20-day VWAP at conversion.
- Option coverage (subject to shareholder approval):
 - Convertible Notes: 1 option (exercise price of \$0.45) for every \$2 invested.
 - Converting Notes: 2 options (exercise price of \$0.45) for every \$1 invested.
- Maturity date:
 - Convertible Notes: 15 July 2024 (unless the holder elects to extend maturity on the same terms as the Converting Notes.
 - Converting Notes: 15 July 2025. The holder may also elect to redeem these Notes at any time after 15 January 2025.

Accounting policy for financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

The convertible note liabilities recorded in FY2022 and FY2023 were measured at FVTPL as there is an embedded conversion feature. It is measured at FVTPL as a single instrument to significantly reduce any measurement or recognition inconsistencies that would arise from other methods.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

12. Borrowings

	2023	2022
	\$	\$
CURRENT		
R&D loan facility	580,959	1,297,505
Working capital loan facility	880,000	-
	<u>1,460,959</u>	<u>1,297,505</u>

R&D Loan facility

On 24 March 2022, the Company entered into a new term loan facility of \$1,294,125, 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 year ended 30 June 2022, and an initial termination date of 31 October 2022, since extended to 31 December 2023. Currently the facility attracts interest at 1.33% per calendar month (16%pa). A general security is held over the Company. \$724,923 was repaid in April 2023 from the 2022 R&D refund, and the balance of the facility can be:

- Paid out in cash with no interest or fees payable under the current facility terms following the month end of the FY2023 R&D payout; or
- Secured against the Company's FY2023 R&D refund and paid on or before the end of the extended facility term of 31/12/23.

Working capital loan facility

In December 2022, wholly owned subsidiary Atcor Medical Pty Ltd entered into a short-term working capital loan facility for up to \$880,000, to support product and development expansion initiatives. The facility attracts an interest rate of 1.33% per calendar month (16%p.a) and expires on 30 October 2023. A general security is held over the Company. As at 30 June 2023 the facility was fully drawn, with \$80,000 withheld for prepaid interest and establishment fees.

Accounting policy for borrowings

Loans and borrowings are initially recognized at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

**CARDIEX LIMITED
AND CONTROLLED ENTITIES
ABN 81 113 252 234**

For more information, please contact:

Investor Relations

Rod Hinchcliffe

rod.hinchcliffe@mcpartners.com.au

Media Relations

Melissa Hamilton

melissa.hamilton@mcpartners.com.au

Investor Relations – USA

Matt Selinger

Managing Director, Integrous Communications

mselinger@integcom.com

About CardieX

CardieX is a medical technology company focused on developing vascular biomarkers. Its ATCOR subsidiary is a leader in medical devices and vascular biomarkers for hypertension, cardiovascular disease, and other vascular health disorders based on the Company's SphygmoCor® central blood pressure technology. CardieX's CONNEQT subsidiary develops and markets medical devices, digital solutions, and wearables, for home health, decentralized clinical trials, and remote patient monitoring. CardieX is listed on the Australian Stock Exchange (ASX:CDX).