

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")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	690	9,214
1.2 Payments for		
(a) research and development	(576)	(1,315)
(b) product manufacturing and operating costs	(1,544)	(2,418)
(c) advertising and marketing	(223)	(435)
(d) leased assets	(58)	(173)
(e) staff costs	(3,543)	(7,712)
(f) administration and corporate costs	(857)	(2,516)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	14
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (industry prize)	-	532
1.9 Net cash from / (used in) operating activities	(6,110)	(4,809)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(111)	(119)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(111)	(119)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,133	8,000
3.2	Proceeds from issue of convertible debt securities	-	1,445
3.3	Proceeds from exercise of options	-	-
3.4a	Transaction costs related to issues of domestic equity securities or convertible debt securities	(635)	(657)
3.4b	Transaction costs related to US capital raising activities	(271)	(271)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(209)	(209)
3.7	Transaction costs related to loans and borrowings	(37)	(37)
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	5,981	8,271

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,296	716
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,110)	(4,809)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(111)	(119)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,981	8,271
4.5	Effect of movement in exchange rates on cash held	17	14
4.6	Cash and cash equivalents at end of period	4,073	4,073

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	4,073	4,296
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)	4,073	4,296

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	875 ¹
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

Payments to related parties during the quarter that related to services during the current quarter were \$128k. A further \$747k was paid in relation to services rendered for the period 1 July 2022 to 31 December 2023. The breakdown of the related party payments are below:

- \$220k paid to the CEO for contracted fees relating to the previous financial year inclusive of \$152k in bonus remuneration.
- \$411k paid to the CEO for contracted fees relating to the current financial year inclusive of \$304k in bonus remuneration.
- \$225k paid to the Executive Chairman for contracted fees relating to the current financial year.
- \$19k paid to Non-Executive Directors for contracted fees relating to the current financial year.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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	3,746	3,746
7.2	Credit standby arrangements	-	-
7.3	Other (Funding Commitment Agreement)	6,000	-
7.4	Total financing facilities	9,746	3,746
7.5	Unused financing facilities available at quarter end		6,000
7.6	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>On 24 March 2022, the Company entered into a new 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 currently has approximately \$569,000 in principal outstanding following the receipt of the FY22 R&D tax incentive. Currently the facility attracts interest at 1.33% per calendar month (16%pa). The remaining balance is secured against the Company's FY2023 R&D refund, which was received in April 2024. This facility has now been fully repaid.</p>		
	<p>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. Key terms of the facility, which was extended during the quarter are:</p> <ul style="list-style-type: none"> • Expiry of facility: 31/10/24; • Facility limit: \$880,000; • Interest rate: 1.33% per calendar month (16%p.a). 		
	<p>On 8 November 2023, the Company announced that it had entered into a Funding Commitment Agreement (FCA) with its largest shareholder C2 Ventures (C2V), which is controlled by executive directors, Niall Cairns and Craig Cooper. The FCA provides an additional \$6 million in funding to the Company in 2024, and further supports the Capital Raising Package that includes the Placement and Entitlement Offer that were completed in February, and which C2V contributed \$2.4 million. The \$6 million FCA may be drawdown by the Company, or invested by C2V, and shareholder approval for its conversion will be sought at an Extraordinary General Meeting that is scheduled on or around 24 May 2024.</p>		
	<p>As announced on 20 November 2023, the Company agreed a Promissory Note with its US legal counsel, Wilson Sonsini Goodrick & Rosati, Professional Corporation (WSGR) for US\$1,500,000 (A\$2.30m) for the agreed reduced amount of US legal fees outstanding from the Company's withdrawn NASDAQ IPO and capital raising initiative. The key terms of the Promissory Note are:</p> <ul style="list-style-type: none"> • 5.5% interest rate • Maturity Date: 20 April 2025, or earlier in certain circumstances (as per 20 November 2023 ASX release) 		
8.	Estimated cash available for future operating activities	\$A'000	
8.1	Net cash from / (used in) operating activities (item 1.9)	(6,110)	
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,073	
8.3	Unused finance facilities available at quarter end (item 7.5)	6,000	
8.4	Total available funding (item 8.2 + item 8.3)	10,073	

8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)

1.65

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.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

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?

Answer:

No. In December 2023 the Group received \$6.3m in settlement of contractual payments from the Clinichain clinical trial. A significant portion of these funds were used in the March 2024 quarter to settle trade creditors that had accumulated throughout 2023 and as a result the Group's trade creditors balance at 31 March 2024 has decreased by \$3.7m compared to 31 December 2023, with the majority of creditors brought to within current terms. As a result, the Board expect future cash flows to reflect a normalised quarterly operating run rate that is significantly lower than the current quarter.

The below table reflects the normalised quarterly operating cash flows, after removing the impact of the payment of non-recurring items incurred in prior reporting periods.

	Current quarter
	\$A'000
Receipts from customers	690
Payments for	
(a) research and development	(199)
(b) product manufacturing and operating costs	(606)
(c) advertising and marketing	(186)
(d) leased assets	(58)
(e) staff costs	(2,650)
(f) administration and corporate costs	(347)
Interest received	1
Net cash from / (used in) operating activities	(3,355)

Furthermore, in April 2024, the Group received its FY2023 R&D income tax incentive, resulting in additional operating income in the June 2024 quarter.

In summary, we believe that the funding we have available is sufficient to fund the Company's growth initiatives, its operations, and to meet its business objectives. This is due to the expectation of returning to:

1. Higher levels of revenue/customer receipts (Q3 was lower than the last 2 prior corresponding quarters) in future quarters.
2. Taking into account the above normalised operating quarterly cash flows.
3. Future R&D income tax incentive receipts.
4. Significant new revenue from the upcoming launch of the CONNEQT Pulse in 2024.

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. As discussed in 7.6, the Company has entered into a \$6m Funding Commitment Agreement (FCA) with C2 Ventures. The FCA will provide the Company with additional cash resources to further the Company's growth initiatives, and the Board have considered this is sufficient for the short to medium term.

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. The Directors believe that in establishing the \$6m FCA the Company has sufficient working capital for its operations and meet its business objectives.

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: 24 April 2024

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.