



A Personal Letter from the Chief Executive Officer
& Operational Update

AUGUST 2018

CARDIEX LIMITED
(FORMERLY ATCOR MEDICAL HOLDINGS LIMITED)
ABN 81 113 252 234
AND CONTROLLED ENTITIES

LETTER FROM THE CHIEF EXECUTIVE OFFICER

Dear Fellow Shareholders,

I am delighted to present my first annual report as the new CEO of CardieX - reflecting on a year where we embarked on a major restructuring program and laid the foundation to position our Company as the world leader in hypertension and cardiovascular health management.

This past year has been a year of change with a new corporate name and brand - "CardieX" - (formerly "AtCor Medical"), a restructured executive team, and a new strategic vision.

Our fundamental market opportunity however remains the same as we continue to develop health solutions for large-scale population health disorders with a current focus on patients with hypertension, cardiovascular disease (CVD), and related conditions – such as stroke, diabetes, and Alzheimer's disease. With over half the USA adult population now considered hypertensive and at risk for CVD, CardieX is positioning itself as the gold standard for diagnosis, treatment and management of those patient populations with its core SphygmoCor® technology and (FDA approved) XCEL line of medical devices.

Our vision as we move forward is to create an ecosystem and portfolio of assets, medical & consumer devices, and digital health platforms that provide both patients and health practitioners with the key products they need to better manage patient outcomes. At the core of our global CVD strategy is our SphygmoCor® technology, as well as our intellectual property (IP) and patents, which all-together gives CardieX a significant competitive advantage as we leverage our technology and medical devices into new markets, products, and next generation health services.

One example of this is our recent financial and strategic partnership with Blumio, Inc, a Silicon Valley based developer of non-invasive radar-based sensors designed to measure blood pressure and other cardiovascular diagnostics. Earlier in the year CardieX committed to invest up to USD\$600,000 in Blumio for a 7.5% shareholding.

As part of this investment Blumio and CardieX also signed a "Collaboration and Development Agreement" to co-develop wearable sensor technology to measure blood pressure (BP) which combines our SphygmoCor® IP with Blumio's BP sensor.

Commensurate with our development efforts with Blumio we are also continuing to pursue licensing opportunities and other partnerships to incorporate our SphygmoCor® technology and IP with other global leaders in consumer health wearables and devices. Further details are provided below in the "Operational Update".

Another key shift is our focus on two new growth markets for sales of our products – China, as well as general medical and naturopathic health professionals and executive health clinics.

To date our sales focus has been in the USA where the majority of our global revenues are historically derived. Commensurate with the growth in CVD and other related health disorders in China we are expanding our (existing) distribution and sales network in that country for our existing "Chinese FDA" approved (CFDA) XCEL SphygmoCor® device - while also exploring the opportunities for other strategic partnerships in that region.

Similarly, we are expanding our sales focus in the USA beyond our traditional specialist markets (Cardiologists and Nephrologists) to a wider medical health professional market increasing our potential addressable sales market size by over 30x. As part of this new market focus we will also be launching new product derivatives based on our existing XCEL SphygmoCor® that directly targets these non-specialist health markets.

And finally, we are progressing with a number of digital and mobile health initiatives that provide patients with better tools to manage their health and wellness. A number of these efforts are fuelled by recent changes in US CPT codes that provide for time-based reimbursement to medical professionals using digital health tools to remotely monitor patients.

In closing, I would like to take this opportunity to thank my fellow Board Members and the executive management and staff of CardieX. I also want to thank all shareholders for their ongoing support as we continue to position the Company for growth and new market opportunities.

I believe the success of our recent heavily oversubscribed share placement and rights issue shows strong validation for our new strategy and direction. I expect the year ahead to continue to be a transformative and exciting one as we execute against our plan and new strategic direction.

Craig Cooper

A handwritten signature in black ink, appearing to read 'Craig Cooper', written in a cursive style.

CEO & Managing Director

CardieX Limited

OPERATIONAL UPDATE

OVERVIEW OF CORPORATE STRATEGY AND MISSION

CardieX is a global health technology Company focused on developing products and solutions for large-scale population health disorders. Our "AtCor Medical" division develops and markets products for the early detection of target organ damage and the management of hypertension, cardiovascular disease (CVD), and related health disorders - the #1 killer of humans globally. As discussed below (see: "Key Highlights"), this past year has been one of significant change with the Company's operational, product, and sales focus over the last 12 months being directed towards:

- Aligning the Company with world-class partners in our mission to become the market leader in CVD and hypertension related medical devices.
- Positioning the Company to take advantage of new opportunities in digital health and new products and services through the recruitment of key new executive talent.
- Rebranding the Company's corporate name, image, and messaging to reflect our focus on solutions for large scale population health disorders.
- Restructuring our product offerings to take advantage of new target market segments outside of our traditional specialist practitioner markets.
- Restructuring our global executive team and Board of Directors to maximize our in-house corporate intelligence around new market opportunities and technologies.
- Importantly - reducing the operating cash loss attributable to our existing "AtCor" business unit while reallocating cash reserves to new growth and business initiatives.
- Generally re-positioning the Company for growth in new geographies and health technology markets.

KEY CORPORATE, STRATEGIC, AND SALES HIGHLIGHTS

The last 12 months have been a period of significant change and restructuring within the Company as CardieX positions itself for growth in new market segments and geographies.

Key corporate highlights include:

- Significant change in strategy and corporate vision implemented for the Company.
- Change of name and corporate branding to CardieX (ASK:CDX).
- Appointment of new CEO & Managing Director – Craig Cooper.
- Major restructuring of global executive and sales teams and Board of Directors.
- Successful heavily oversubscribed new capital raising to support new initiatives and growth strategy.
- Signed Convertible Note Purchase Agreement and “Development & Collaboration Agreement” with Blumio, Inc aligning CardieX with strong Silicon Valley technology partner for wearable device strategy.
- First instalment of investment capital in Blumio, Inc made in Q2, 2018. The Company is committed to pay the second instalment of US\$450,000 in Q4 2018.
- Completed successful CardieX/Blumio blood pressure sensor trial with Macquarie University.
- ZiHan Lin appointed as “Director of Corporate Development” to focus on Chinese sales strategy, wearables, and digital health initiatives.
- New Chief Financial Officer & Company Secretary – Jarrod White.
- Ex-Johnson and Johnson executive, Rhonda Welch, appointed to assist in reimbursement and strategic initiatives in new health sectors.
- Appointment of a new communications and investor relations team (NWR Communications).
- Appointment of a new marketing agency to oversee new website development, corporate messaging and digital communications strategy.

Key sales highlights include:

- Global sales force restructured. Duncan Ross & Mark Harding exited.
- Doug Kurschinski appointed new “EVP & Head of Global Sales”.
- Global distribution partnerships restructured in terms of management and country focus - all global distribution now managed from USA.
- Expansion of our sales and market focus in the USA to include a broader range of health & wellness

professionals combined with a targeted “direct to practitioner” marketing strategy.

- Renewed market focus on Asia with enhanced distribution and sales strategy specifically in China.
- A signed agreement with New York University (NYU) - representing a major entry point into the New York health systems market.
- Three new contracts signed to supply SphygmoCor® systems and clinical trial support services to global pharmaceutical companies.
- A multi-practice supply agreement signed with executive health provider - PhysioAge Systems.

Further details on these select highlights and operational updates are provided below.

ATCOR MEDICAL DIVISION SALES OVERVIEW

In clinical practice and clinical trials, SphygmoCor® XCEL is the industry standard for non-invasive central arterial waveform assessment and management. The Company’s SphygmoCor® XCEL device provides measures of the central aortic blood pressure (the blood pressure at the heart) and pulse wave velocity, as well as assessment of arterial stiffness via waveform analysis.

The practical application of the Company’s SphygmoCor® XCEL device is through the measurement of blood pressure (BP) dynamics at the organ level (e.g. heart/kidneys), compared to traditional measurements of BP via a standard brachial cuff. Measurement of BP and other blood flow dynamics at the organ with XCEL allows a more accurate diagnosis and reading of the state of a patient’s cardiovascular health, thereby providing better, and more targeted treatment options.

During the past year the Company signed three new contracts and seven amendments or extensions for existing contracted clinical trials, all with major international pharmaceutical companies. In these trials, the Company supplies SphygmoCor® systems and clinical trial support and data management services. The combined value of these agreements was A\$1.55 million.

During July, the Company signed a two-year supply agreement with New York University (NYU). Under the agreement, the Company will provide SphygmoCor® systems to NYU owned and affiliated locations and practices.

During September 2017, Viking Yacht Company, a leader in semi-custom fiberglass yacht production, added the Company’s SphygmoCor® XCEL to its employee wellness program. With SphygmoCor®, Viking Yacht Company employees receive access to leading technology for central blood pressure and arterial stiffness measurements, which help to better inform their blood pressure management. Corporate wellness is an emerging part of the clinical market and an important growth segment for the Company moving forward.

In January, the Company entered into a multi-year supply agreement with PhysioAge Systems, a leader in the

use of biomarkers of aging and personalised health analytics. The two-year agreement will streamline the integration of SphygmoCor® into the PhysioAge Program.

SphygmoCor® is now used in all 20 hospitals on the U.S. News 2018-2019 Honor Roll. Each year, U.S. News & World Report releases its Hospital Honor Roll of the top 20 hospitals in the USA. This last year also saw the Company highlighted in major journals and research reports including: *Journal of the American Heart Association*, *Journal of the American Society of Hypertension*, *Journal of Alzheimer's Disease*, and others.

BLUMIO, INC FINANCIAL & STRATEGIC PARTNERSHIP

As part of the Company's focus on new technology markets the Company is aggressively focused on leveraging its core SphygmoCor® technology into new products, wearables, and devices. The global opportunity in wearable blood pressure and cardiovascular management sensors is over \$USD2B and CardieX has a portfolio of specific patents and intellectual property (IP) that has significant commercial value in this market segment. In particular, our IP and experience in obtaining central blood pressure (cBP) is critical to proper diagnosis and management of hypertension and CVD. The development of a sensor-based wearable combining cBP and standard blood pressure (BP) is considered to be a game-changer for continuous blood pressure monitoring in this multi-billion dollar market segment.

During March 2018, the Company took an initial step to position itself for growth in these new technology markets and signed a "Development and Collaboration Agreement" with Blumio, Inc (Blumio), a California, Silicon Valley based developer of sensor and wearable technology for blood pressure detection and other cardiovascular diagnostics.

The Agreement provides the framework for the development and integration of the Company's IP, patents, and cBP technology into Blumio's sensors and will see the parties collaborate and develop new technology applications for the sensor-based detection of cardiovascular disease.

An agreement was also made for CardieX to invest up to USD\$600,000 (subject to certain capital raise, due diligence, and other conditions) in Blumio. This investment allows CardieX to obtain up to a 7.5% equity shareholding in Blumio.

During May 2018, CardieX announced that it would commence a preliminary trial of the feasibility of integrating its SphygmoCor® technology with Blumio's sensor. The preliminary trial would be undertaken at the Faculty of Medicine and Health Sciences at Macquarie University, Sydney.

As part of the planned 15 patient 8-week trial, CardieX would independently assess the feasibility of obtaining cardiovascular BP-related data utilising the Blumio wearable sensor and analysing it via CardieX's SphygmoCor® technology.

This was a multi-phase program: the first phase of the assessment was to collect sensor data from at least 15 human subjects covering different age groups, different genders and a range of BP characteristics. This

first phase aimed to assist in determining the amount of cardiovascular-related information available from the sensor as well as define the next steps towards commercialization of a wearable sensor-based product. The results from this first phase trial were released in July 2018 and provided positive evidence that with the further application of CardieX's machine learning algorithms and IP, central blood pressure (cBP) parameters can be successfully derived from the Blumio sensor towards a positive commercial outcome.

CORPORATE RESTRUCTURE AND NAME CHANGE

At the start of the year CardieX announced the first phase of a major Company restructure to maximise profitability, reduce costs, and grow sales.

As part of the new strategic plan it was proposed that the Company change its name to CardieX, Limited – reflecting the focus on “**ex**cellence in **cardi**ovascular health”.

Following shareholder approval on 28 May, the Company's name changed officially with the Australian Securities Investment Commission to CardieX Limited. The ASX listing code also changed from “ACG” to “CDX”.

The effective date for the change of Company name and ticker code on the ASX was from commencement of trading on Monday 18 June.

In order to provide consistency of branding in the existing line of medical devices, the “AtCor” cardiovascular device business will continue under the AtCor brand as an operating division of the parent Company - CardieX. In Q3 and Q4, 2018 the Company will implement a new corporate identity platform that represents CardieX's new brand, product and marketing focus.

MANAGEMENT AND BOARD CHANGES

Mr Craig Cooper was appointed CEO & Managing Director of CardieX with immediate effect from 1 December 2017 and currently holds that position. Former CEO and Managing Director Mr Duncan Ross was appointed to the newly created role of “EVP & Head of Global Sales” on 1 December 2017. Mr Ross' employment was subsequently terminated on 29 June 2018.

Mr Cooper's appointment is the driving force behind the new strategic direction for the Company. He is focused on strengthening CardieX as the leader in hypertension management, expanding the Company's products into new health professional markets and geographies, and identifying new opportunities for the Company to expand in high growth health and med-tech areas.

Mr Cooper has founded several highly successful health, digital media, technology and wellness businesses and has a strong global network and experience across the medical, health technology and mobile sectors. He was the co-founder of the telecommunications Company Boost Mobile USA and is recognised as a global expert and thought leader in mobile and wireless technology and digital health and MedTech related businesses.

The Company also appointed Niall Cairns as a Non-Executive Director with effect from 20 December 2017. Mr Cairns is a Sydney based technology growth investor with a 25-year track record of value creation, restructuring, and exits in both listed and unlisted companies - having assisted in driving the global growth of over 50 companies in sectors as diverse as digital media, AgTech, MedTech, consumer internet, and SaaS based businesses. As part of the "Share Placement & Rights Issue" (see below) Mr Cairns and Mr Cooper have committed (through their investment Company C2 Ventures Pty Ltd) to provide \$1.5M under the Offer.

In March 2018, Mr Peter Manley, the Company's CFO and Company Secretary was terminated. Jarrod White of Traverse Accountants was subsequently appointed Company Secretary and CFO to replace Mr Manley. Mr White is a founding Partner/Director at Traverse Accountants in Sydney and has significant experience in listed Company compliance, transactions, finance, and accounts management.

Dr. Michael O'Rourke, Mr Duncan Ross, and Dr. David Brookes also retired from the Board of Directors during the year.

SHARE PLACEMENT & RIGHTS ISSUE

During June 2018 CardieX successfully completed a \$5 million capital raising initiative which was previously announced on 23 April. The heavily oversubscribed placement and entitlement offer resulted in the return of \$907,882 entitlement acceptances to shareholders.

The \$5m capital raising led to the issue of a total of 250,000,000 new shares and 125,000,000 options on the following basis:

1. A placement to sophisticated and institutional investors at \$0.02 per share which raised \$2,375,906.
2. An investment made by a related part of certain directors of the Company (directors: Niall Cairns and Craig Cooper) raised \$1,500,000; and
3. A fully underwritten 1 for 5 non-renounceable Entitlement Offer at \$0.02 per share raised \$1,124,094 from Australian and New Zealand shareholders.

Placement and entitlement holder recipients were given one share and free attached new option for every 2 new shares subscribed for and issued. The new listed option trades as CDXO and has an exercise price of \$0.05 with a 30 November 2021 expiry.

The capital raise supports the renewed strategy and vision of CardieX as it focuses on high growth markets and new health technology opportunities.

TAX REFUND

The Company received a refund from the Australian Tax Office under the R&D tax incentive program of \$418,368 on 26 October 2017 (2017: \$470,248).