



ASX ANNOUNCEMENT

30 January 2019

## CardieX Progress Summary & CEO Outlook

CardieX Limited (ASX: CDX) (CardieX, the Company) is pleased to provide a summary report to shareholders and investors on the activities and progress of the Company and its affiliates and subsidiaries over the past year:

### Summary Highlights:

- **inHealth executes major Co-Marketing Agreement with Anthem, Inc, the largest health insurer in USA.**
- **inHealth executes Letter of Intent with global electronics & medical device company.**
- **Co-Development Agreement with Blumio to co-develop sensor technology for blood pressure wearables based on AtCor Medical's IP and algorithms.**
- **Oversubscribed \$5.5 million placement for inHealth acquisition completed with substantial financial commitment from Directors, Chairman, and Company Secretary (\$2.6 million).**
- **inHealth partners with the largest managed health care provider in the USA for diabetes clinical study and health programs.**
- **Blumio initiates trial to further demonstrate wearable blood pressure sensor accuracy.**
- **CardieX's AtCor Medical division wins contract to supply medical devices for international pharmaceutical trial.**
- **Agreement to acquire majority interest in inHealth Medical Services, Inc.**
- **Receipt of subscription proceeds from C2 Ventures (\$1.5 million).**
- **Successful initial trial results for Blumio's wearable blood pressure technology.**
- **Significant ongoing senior executive changes and new Company appointments.**
- **Appointment of Jarrod White as CFO/Company Secretary.**
- **Managing Director Duncan Ross transitioned out of executive role.**
- **Relocation of AtCor Medical's Asia-Pacific sales operations to the USA – Sydney sales operations shuttered.**

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- **Recruitment of former Masimo, Inc executive ZiHan Li to head of CardieX's Asian strategy with a focus on the Chinese market.**
- **Appointment of former Johnson & Johnson executive Rhonda Welch to drive new strategic initiatives and reimbursement strategies.**
- **First investment competed in wearable blood pressure sensor partner Blumio.**
- **Change of corporate parent name from AtCor Medical to CardieX with trading commencing under the new listing code (CDX).**
- **Oversubscribed \$5 million capital raising, including \$1.6 million from Directors.**
- **Blumio, Inc financial and strategic partnership announced.**
- **SphygmoCor system now used in all the top 20 US hospitals in the USA.**

#### **CEO Comments & Outlook:**

On the strategic repositioning and corporate activities over the last 12 months CardieX CEO, Craig Cooper commented:

*"We've had a massively transformational year at CardieX. Following a change of strategic direction announced earlier last year we've rapidly moved forward to create a significant and valuable healthcare ecosystem of complimentary products and services that are well positioned to drive significant value for shareholders.*

*We started last year with one business segment in medical devices. We now have strong exposure to three high growth healthcare sectors in medical devices, wearable technologies, and digital and consumer health.*

*Moreover, our IP, technology, and other solutions have the potential to disrupt multiple multi-billion-dollar markets in preventative diagnostics, patient management, wearables, and consumer/digital health.*

*Finally, I want to point out that despite our achievements in 2018, 2019 promises to be an even bigger year with our focus on major strategic partnerships and other opportunities currently in development.*

*Going forward, we expect to be announcing a significant repositioning of our medical devices division and a refined focus of our product strategy across our medical and consumer device portfolio, as well as other key company initiatives and opportunities".*

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## Summary Detail:

### **CardieX Group's inHealth Executes Major Co-Marketing Agreement with Anthem, Inc, the Largest Health Insurer in the USA:**

- 5 -year Co-Marketing Agreement with Anthem, a New York Stock Exchange listed (NYSE: ANTM) S&P 500 company with US\$65 billion market cap to promote the services of inHealth across Anthem's customer network - with a focus on the Blue Cross Blue Shield Association of health insurance providers.
- inHealth's range of telehealth service plans and expertise in virtual health coach staffing, clinical program development, and clinical research services will be promoted across Anthem's network of 80+ US and international health plans within the Anthem/Blue Cross Blue Shield Association network.
- Blue Cross Blue Shield combined networks provide health plan coverage to more than 106 million people in the US – nearly 1/3<sup>rd</sup> of the US population.

### **SphygmoCor system Used in Top 20 US Hospitals:**

- CardieX's SphygmoCor system is used in the top 20 hospitals as featured on the prestigious US News 2018-2019 Best Hospitals Honor Roll list.
- The Best Hospitals Honor Roll list ranks the top 20 hospitals in the United States.

### **Relocation of Sydney Office:**

- After 15 years in North Ryde, Sydney AtCor Medical's research and development team have moved to a more tech-focused space in the City of Sydney's Barangaroo district.

### **inHealth Executes Letter of Intent with Global Electronics & Medical Device Company:**

- Letter of Intent executed with leading global electronics and medical device company ('GEMDC').
- GEMDC is a multi-ten billion USD market capitalisation "household brand" company.
- inHealth's sleep telehealth program to be sold by GEMDC through sleep physicians & direct to consumer.
- Global sleep apnoea market forecast to be a US\$6.5 billion market by 2023.

### **Development Agreement with Blumio to Develop Sensor Technology for Blood Pressure Wearables:**

- Execution of Co-Development Agreement with Blumio to jointly develop intelligent sensor technology to be integrated into wearable devices.
- CardieX's AtCor division to provide key algorithms and FDA-approved technology for measuring central arterial blood pressure.
- Cuffless blood pressure monitoring identified by CNBC as US\$45 billion market opportunity.

### **Oversubscribed \$5.5 Million Placement for inHealth Acquisition Completed:**

- \$5.5 million heavily oversubscribed placement to support acquisition of inHealth, with strong support from pre-eminent Australian fund managers SG Hiscock and CVC Limited.

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- Cornerstone position from CEO Craig Cooper and Director Niall Cairns investing \$2.5 million, with Chairman Donal O'Dwyer and CFO/Company Secretary Jarrod White also participating.

#### **inHealth Partners with Largest Managed Health Care Provider in the USA for Diabetes Clinical Study and Health Programs:**

- inHealth, Kaiser Permanente, and California State University Long Beach combine for one of the largest diabetes lifestyle intervention studies yet to be undertaken, using inHealth's telehealth services.
- The already commenced seven-year study is supported by proposed funding from the US National Institute of Health.
- Diabetes "at epic proportions" with up to 15% of USA population living with the disease.

#### **Blumio Initiates Trial to Further Demonstrate Wearable Blood Pressure Sensor Accuracy:**

- Blumio initiates a 200-person clinical trial at US based Deborah Heart and Lung Centre.
- Study represents major milestone in further development of Blumio's continuous, non-invasive blood pressure sensor.
- Blumio wearable sensor technology together with CardieX analytics has potential to disrupt a multi-billion USD market.

#### **CardieX's AtCor Medical Division Wins Contract to Supply Medical Devices for International Pharmaceutical Trial:**

- AtCor Medical subsidiary executes new contract to supply SphygmoCor systems in new multinational clinical trial to assess heart failure treatment.
- Global science-led biopharmaceutical business AstraZeneca AB managing the trial which will run for 18 months across US and Europe.
- Cost of heart failure to US circa US\$30 billion annually.

#### **Agreement to Acquire Majority Interest in inHealth Medical Services, Inc:**

- Major step forward in digital and consumer health strategy with agreement to acquire majority interest in inHealth Medical Services, Inc.
- Companies to jointly pursue significant opportunities in telehealth, digital and online patient care and health coaching – a US\$25 billion industry.
- Investment structured to acquire up to 50.5% of inHealth in 3 tranches, with tranche 1 US\$0.25M for 7.7% already funded from existing cash reserves.

#### **Receipt of Subscription Proceeds from C2 Ventures:**

- Receipt of subscription proceeds of \$1,500,000 from C2 Ventures, a related party of CEO Craig Cooper and Director Niall Cairns.
- Funds used to further execute against strategic direction of the Company.

#### **Successful Initial Trial Results for Wearable Blood Pressure Technology:**

- CardieX and Blumio complete an 8-week trial with the Faculty of Medicine & Health Services at Macquarie University, part of a "Collaboration & Development

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Agreement” between Blumio and CardieX to co-develop wearable blood pressure technology.

- Trial results showed the sensor returns a high degree of cardiovascular blood pressure data as measured by CardieX technology.
- Development of commercial blood pressure and cBP wearable with CardieX’s PWA technology positions CardieX in global multi-billion-dollar market for wearable cardiovascular monitoring devices.

**Board Restructure: Senior Executive Changes and New Appointments:**

- New senior executive changes and appointments to support CardieX’s repositioning as global health technology provider and ongoing restructuring to focus on new growth opportunities
- Board restructure and new appointments a key step forward as CardieX positions for long-term growth and expansion into new markets.
- Doug Kurschinski promoted to Executive VP & Head of Global Sales of CardieX’s AtCor Medical division.

**ZiHan Li Appointed to Head of Asian Strategy with a Focus on Chinese Market and New Business Development Opportunities:**

- Former Masimo Inc (NASDAQ: MASI - US\$5B market capitalisation) executive ZiHan Li appointed Director of Corporate Development of CardieX. Subsequently promoted to VP of Corporate Development in January 2019.
- Mr Lin is focused on expanding the opportunity for CardieX’s products in the Chinese market as well as accelerating the commercialisation of CardieX’s cardiovascular technologies into new devices and technologies.

**Relocation of AtCor Medical’s Asia-Pacific Sales Operations to the USA:**

- Asia-Pacific sales of SphygmoCor technology relocated to AtCor’s head office in Chicago, USA.
- Sydney sales operations shuttered. All sales and training undertaken by USA staff utilizing virtual and online training platforms.
- Seamless transition with no impact on global sales operations.

**Appointment of Rhonda Welch to Drive New Strategic Initiatives:**

- Former Johnson & Johnson Executive joins CardieX as a member of the Company’s Advisory Board.
- Ms Welch to work closely with the CEO and executive team in the development of new opportunities and business strategy with respect to the expansion of CardieX’s technologies and reimbursement programs.

**Appointment of New CFO/Company Secretary:**

- Appointment of Jarrod White as CFO/Company Secretary.
- Mr White is a Partner/Director at Traverse Accountants in Sydney and has significant experience in listed company compliance, finance and accounts management.



#### **First Investment in Wearable Partner Blumio Completed:**

- CardieX initiates first tranche of 7.5% investment into Blumio by way of a Convertible Note.
- CardieX IP and trademarks together with Blumio sensor have the potential to significantly disrupt diagnosis and treatment of hypertension and related cardiovascular disorders.

#### **Change of Name to CardieX. Trading Commences Under New Listing Code (CDX) & Capital Raising:**

- During June 2018, CardieX's listing code on the ASX changed from ACG to CDX.
- Change of name and ASX code reflects new strategic focus on becoming a global health technology company.
- AtCor cardiovascular medical device business continues operating under the AtCor brand as an operating division of CardieX – headed by Doug Kurschinski.
- \$5 million capital raising completed, including \$1.6 million invested by Directors.

#### **Blumio, Inc Financial and Strategic Partnership:**

- 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.
- CardieX has committed to invest up to US\$600,000 in Blumio, Inc for a 7.5% shareholding
- Partnership focuses on building new opportunities for CardieX core SphygmoCor technology and providing patients and health practitioners with the key products they need to better manage patient outcomes.

#### **Corporate Conference and Investor Relations Programme:**

- CardieX attended several conferences during the year including CES2019, A4M World Congress, ASN Kidney Week 2018, American College of Sports Medicine Annual Meeting, ACPM Preventative Medicine 2018, and the Renal Physicians 2018 Annual Meeting.
- CardieX also conducted a number of roadshows across major Australian cities and held several investor presentations for investor, broker and institutional networks.

#### **Managing Director Duncan Ross Transitioned out of Executive Role:**

- Long serving Managing Director, Duncan Ross transitioned out of his executive role during the year following the global sales force restructure.
- Mr Ross was formerly CEO and Managing Director and then appointed to the newly created role of "EVP & Head of Global Sales" on 1 December 2017. Mr Ross' employment was terminated at the end of June 2018.

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#### **About CardieX**

CardieX Limited is a global health technology company that develops digital and device based solutions for large-scale population health disorders. The Company's XCEL device is the world leader in measuring "central blood pressure" which is considered essential for the management of hypertension and related cardiovascular disorders. CardieX also has a joint venture partnership with Blumio, Inc in Silicon Valley for the development of a radar-based blood pressure sensor incorporating CardieX technology. In November 2018 CardieX entered into an agreement with telehealth services provider, inHealth Medical Services, Inc, allowing CardieX to acquire up to 50.5% of inHealth by way of a convertible note.

#### **About inHealth**

inHealth Medical Services Inc, is a leading US provider of telehealth services, providing digital, e-commerce and mobile tools for patients to connect online with health coaches as part of a patient care program. inHealth's patient care programs are based on long-term clinical trials that demonstrate superior patient outcomes through the use of telehealth coaching services. inHealth has partnerships with some of the leading healthcare institutions in the USA including Anthem, American Well and Kaiser Permanente.

#### **About Anthem**

Anthem, Inc is a New York Stock Exchange listed company (NYSE: ANTM) with a market cap of US\$65 billion and 2017 revenue of US\$90 billion. A member of the S&P 500 index and ranked #29 on the Fortune 500 List by revenue, Anthem is the largest health insurance provider in the United States.

#### **About Blumio**

Blumio Inc is a Silicon Valley based company that develops non-invasive radio frequency sensors designed to measure blood pressure and other cardiovascular diagnostics. The company is backed by leading Silicon Valley investors including the Thiel Foundation.

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