# ASX ANNOUNCEMENT

**22 January 2021**

**QUARTERLY ACTIVITY REPORT FOR THE PERIOD TO 31 DECEMBER 2020**

Anteris Technologies Ltd (ASX: AVR) (Anteris or "the Company") releases its Appendix 4C – Quarterly Cash Flow report and commentary for the quarter ended 31 December 2020 (Q4, 2020).

## HIGHLIGHTS

- A total of six patients successfully implanted in first-in-human SAVR (surgical aortic valve replacement) trial since the study commenced late March 2020.
- The DurAVR™ valve continues to produce consistent and superior performance across studies, demonstrating its ability to restore heart function to normal, pre-diseased status and potentially offering a functional cure for aortic stenosis.
- Successful completion of a $1.1m placement as well as a $1.22m short-term facility secured against the research & development refund due in 2021. This was supplemented with a funding package of up to $20m completed shortly after year end.
- DurAVR™ selected as a "Best Innovation" at PCR London Valves conference in November 2020.
- $1.4m of revenue, largely generated by manufacturing for LeMaitre Vascular, Inc.

## COMMENTARY ON THE QUARTER

During Q4 2020, Anteris continued to make significant progress and achieve milestones on key research and development programs; specifically, the development of its 3D single-piece DurAVR™ aortic valve. Anteris has been working diligently on the TAVR (transcatheter aortic valve replacement) delivery system and expects to reveal the final design in Q1 2021.

Despite the global COVID-19 pandemic impact in Europe constraining the first-in-human SAVR trial, six patients were successfully implanted since its commencement in March 2020 in Belgium. Anteris expects the remaining nine patients to be implanted with the replacement valve during the course of 2021. Results to date show the replacement valve significantly improves valve function with the ability to achieve the hemodynamics of a pre-diseased valve – potentially offering the first-ever functional cure for patients suffering from severe aortic stenosis.

Positive data and important insights gained from key studies of DurAVR™ suggest the valve has the potential to be a significant addition to the treatment armamentarium in the SAVR and TAVR market. This was affirmed in November 2020 when DurAVR™ received the 'Best Innovation' award at a leading international forum, the Interventional Cardiovascular Conference – PCR London Valves.

In addition to the first-in-human trial, the Company progressed several key pre-clinical studies. Interim results from the anti-calcification study indicate ADAPT® treated tissue has superior anti-calcification attributes compared with tissue used in valves that are currently marketed by leading companies. At the midpoint, the anti-calcification study showed ADAPT® treated tissue had approximately 40% less calcium concentration. The full results of these studies are expected to be available in Q1 2021.

In 2020, Anteris commenced an early TAVR animal study to confirm DurAVR™ valve deployment and anchoring and provide further insights into the valve's function and performance. The study is progressing well and due to be completed during Q1 2021.

Positive results from these studies continue to provide important data and insights for the next phase of development and progress our commercialisation goals.

This quarter Anteris also participated in key investor and healthcare forums, including:

- Credit Suisse Structural Heart Forum
- Switzer Small and Micro-cap Conference
- PCR London Valves

Total quarterly revenue was $1.4m, derived primarily from manufacturing for LeMaitre Vascular, Inc. ("LeMaitre") and the supply of ADAPT® tissue to 4C Medical Technologies, Inc. ("4C"). Overall, manufacturing has remained strong at normal production levels.

## CASH RECEIPTS AND CASH FLOWS

The closing cash balance as at 31 December 2020 was $4.4m, down $0.5m from 30 September 2020, and included:

- Net operating cash outflows of $3.4m, including staff costs of $2.2m, administration and corporate costs of $0.6m, product manufacturing and operating costs of $0.4m and research and development investment of $1.3m. This was partly offset by customer receipts of $1.3m;

- Investing cash inflows of $0.9m relating to a deferred instalment receipt for the sale of Anteris' CardioCel® and VascuCel® patch business to LeMaitre Vascular Inc;

- Net financing cash inflows of $2.1m, relating to the completion of a private placement of $1.1m and a short-term facility of $1.2m secured against the research & development refund due in 2021, partly offset by lease payments; and

- The effect of negative movements in exchange rates on cash held during the period, which was $0.1m.

## CORPORATE ACTIVITY

Except for the COVID-19 pandemic delaying the first-in-human trial, Anteris was largely unaffected this quarter by the pandemic. The Company will continue to monitor the situation closely and re-examine its existing contingency plans.

This quarter the Company announced the resignation of Non-executive Director Dr Yanheng Wu. Anteris would like to thank Dr Wu for his contribution as a Board member over recent years.

On 15 October 2020, Anteris announced that the maturity date on the outstanding loan balance of $1.3m with Sio Partners, LP was extended to 15 December 2021.

The Company raised $1.1m in a private placement to sophisticated investors in Australia as step one in a broader funding package. It also secured a short-term advance facility of $1,220,000 against its forecast research & development tax incentive offset for the 10 months ended 31 October 2020.

Subsequent to year end, the Company announced a funding package of up to $20m with Mercer Street Global Opportunity Fund, LLC (Mercer). This includes a $1m placement of new shares, $1.5m convertible note (with a further $1m convertible note available subject to shareholder approval) plus $16.5m in a discretionary drawdown facility for Mercer to invest in additional new shares. Mercer's holding will initially be limited by the drawdown extent of the above facilities. Mercer are entitled to various Shares, Options and, potentially, fees as part of the package.

While major industry conferences are still taking place in a virtual format, Anteris continues to engage in business development opportunities and ongoing discussions with potential strategic partners.

**IN SUMMARY**

"This quarter, Anteris generated additional data showing the Company's technology is both innovative, and medically important. To be selected as a Best Innovation at PCR London Valves was highly significant, demonstrating the strong interest in our novel technology. We are pleased to welcome new investors who have a strong belief in our technology's potential. 2021 will be an important year where we will continue to demonstrate the DurAVR™ valve's superior performance and durability as we advance to filing for FDA clearance," Anteris CEO, Wayne Paterson, said.

ENDS

**About Anteris Technologies Ltd (ASX: AVR)**

Anteris Technologies Ltd is a structural heart company delivering clinically superior and durable solutions through better science and better design. Its focus is on developing next generation technologies that help healthcare professionals create life-changing outcomes for patients.

The Anteris DurAVR™ aortic replacement valve addresses the acute need in terms of superior hemodynamic profile as well as chronic needs in its ability to sustain that profile longer over the lifetime of the patient.

The proven benefits of its ADAPT® tissue technology, paired with the unique 3D, single-piece aortic DurAVR™ valve design, has the potential to deliver a functional cure to aortic stenosis patients and provide a much-needed solution to the challenges facing heart surgeons today.

**Authorisation and Additional information**

This announcement was authorised by Mr Wayne Paterson, Chief Executive Officer

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# Appendix 4C

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

| Name of entity | |
|---|---|
| Anteris Technologies Ltd | |

| ABN | Quarter ended ("current quarter") |
|---|---|
| 35 088 221 078 | 31 December 2020 |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (12 months) $A'000 |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | 1,312 | 7,278 |
| 1.2 | Payments for | | |
| | (a) research and development | (1,262) | (4,684) |
| | (b) product manufacturing and operating costs | (406) | (2,137) |
| | (c) advertising and marketing | (130) | (595) |
| | (d) leased assets | - | - |
| | (e) staff costs | (2,202) | (11,244) |
| | (f) administration and corporate costs | (645) | (5,173) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 1 | 97 |
| 1.5 | Interest and other costs of finance paid | (93) | (263) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | 12 | 835 |
| 1.8 | Other | | |
| | -proceeds from licence for sterilisation process | - | 1,360 |
| | -gain on derivative contract | - | 154 |
| **1.9** | **Net cash from / (used in) operating activities** | **(3,413)** | **(14,372)** |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (12 months) $A'000 |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | (23) | (289) |
| | (d) investments | - | (400) |
| | (e) intellectual property | - | |
| | (f) other non-current assets | - | |
| 2.2 | Proceeds from disposal of: | | |
| | (g) entities | - | - |
| | (h) businesses | 943 | 943 |
| | (i) property, plant and equipment | - | - |
| | (j) investments | - | - |
| | (k) intellectual property | - | - |
| | (l) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (maturing term deposit) | - | 7,509 |
| **2.6** | **Net cash from / (used in) investing activities** | **920** | **7,763** |

| | | | |
|---|---|---|---|
| **3.** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 1,068 | 1,068 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | 1,220 | 1,220 |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | (31) | (31) |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | (114) | (364) |
| **3.10** | **Net cash from / (used in) financing activities** | **2,143** | **1,893** |

| Consolidated statement of cash flows | Current quarter $A'000 | Year to date (12 months) $A'000 |
|---|---|---|

| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
|---|---|---|---|
| 4.1 | Cash and cash equivalents at beginning of period | 4,815 | 8,968 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (3,413) | (14,372) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 920 | 7,763 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 2,143 | 1,893 |
| 4.5 | Effect of movement in exchange rates on cash held | (111) | 102 |
| **4.6** | **Cash and cash equivalents at end of period** | **4,354** | **4,354** |

| 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 | 4,243 | 4,704 |
| 5.2 | Call deposits | 111 | 111 |
| 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)** | **4,354** | **4,815** |

| 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 | |
| | -director fees and CEO remuneration | 354 |
| 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.*

| 7. | Financing facilities<br>*Note: the term "facility' includes all forms of financing arrangements available to the entity.*<br>*Add notes as necessary for an understanding of the sources of finance available to the entity.* | Total facility amount at quarter end $A'000 | Amount drawn at quarter end $A'000 |
|---|---|---|---|
| 7.1 | Loan facilities | 2,622 | 2,622 |
| 7.2 | Credit standby arrangements | - | - |
| 7.3 | Other (please specify) | 86 | 86 |
| 7.4 | **Total financing facilities** | 2,708 | 2,708 |

| | | |
|---|---|---|
| 7.5 | **Unused financing facilities available at quarter end** | |
| 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. | |

- Loan facility of $1.4M from Sio Capital, capitalised interest at a rate of 12% per annum, maturing 15 December 2021. $1M is secured against the assets of Anteris Technologies Ltd, excluding the research and development refund from the ATO.
- Short-term facility of $1.22M from Mitchell Asset Management Pty Ltd, interest rate of 1.15% per month, maturing 31 May 2021. This loan is primarily secured against the research & development refund due in 2021.
- ANZ financial guarantee $86k at an interest rate of 2.5%, maturing 30 June 2021.

| 8. | Estimated cash available for future operating activities | $A'000 |
|---|---|---|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | (3,413) |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 4,354 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 4,354 |
| 8.5 | **Estimated quarters of funding available (item 8.4 divided by item 8.1)** | 0.8 |

*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?

- The Company intends to continue to invest in, research and develop its ADAPT® technology and product development pipeline including its 3D single-piece DurAVR™, aortic valve. It is anticipated that this program of work will continue to result in a net cash outflow from operating activities.
- Given this requirement the Company has recently announced the completion of a private placement of $1.1m on 30 December 2020, a loan facility secured against the Research & Development refund for 2020 of $1.2m on 4 January 2021 as well as a funding package with Mercer, as per our ASX Announcement dated 6 January 2021. The Mercer funding package includes a $1M placement of new shares, $1.5M convertible note (with a further $1M convertible note available subject to shareholder approval) plus $16.5M in a discretionary drawdown facility for Mercer to invest in additional new shares. Mercer's holding will initially be limited by the drawdown extent of the above facilities.
- The Company continues to work with its advisers on its capital requirements and future capital transactions.

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?

- Refer to 8.6.1

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?

- The Company expects that it will be able to continue its operations and to meet its business objectives after considering the following:
  - The achievement of significant milestones in the development of the ADAPT® technology and product development pipeline including DurAVR™, Anteris' 3D single-piece Aortic Valve. This has been demonstrated through scientific testing and associated findings including human and animal trials, patient outcomes and the sale of commercial products which were produced utilising the ADAPT® technology.
  - Anteris has been working diligently on the TAVR (transcatheter aortic valve replacement) delivery system and expects to reveal the final design in Q1 2021.
  - New products developed utilising the ADAPT® technology is generating significant commercial interest from potential partners to develop these products further.
  - On this basis, the Company considers that the recapitalisation plan and business objectives will be successful.

*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: 22 January 2021.....

Authorised by:  .....

Wayne Paterson

Chief Executive Officer

**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.