

ASX ANNOUNCEMENT

QUARTERLY ACTIVITY REPORT FOR THE PERIOD TO 30 JUNE 2021

Anteris Technologies Ltd (ASX: AVR) (Anteris or “the Company”) releases its Appendix 4C – Quarterly Cash Flow report and commentary for the quarter ended 30 June 2021 (Q2, 2021).

Highlights

- Concept lock on critical components of the ComASUR™ Transfemoral Delivery System.
- Proof of Concept (POC) animal study on the viability of ADAPT® treated conduits in the carotid artery showed no calcification.
- FDA Early Feasibility Study submission progressed.
- Anteris selected to present DurAVR™ at leading Innovation session at Transcatheter Valve Therapies (TVT) Structural Heart Summit 2021, July 20-22.
- \$1.49M R&D tax refund received.
- An expanded funding package with Mercer Street Global Opportunity Fund, LLC (Mercer) realizing \$4.1M.
- A further \$2.3M capital raise to institutional investors.
- Revenue of \$1.6M mostly from LeMaitre Vascular, Inc.

COMMENTARY ON THE QUARTER

During the quarter, Anteris’ position as a serious player in the TAVR market in the not-distant future was cemented with the successful *in vivo* demonstration of its ComASUR™ Transfemoral Delivery System.

ComASUR™ enables a surgeon to deliver its clinically superior DurAVR™ valve accurately and consistently into the same position as the native valve (i.e., commissural alignment), an important feature not available with existing marketed products. It provides superior hemodynamics leading to better patient outcomes.

In June 2021, Anteris reported on its Proof of Concept (POC) animal study testing the viability of ADAPT® treated conduits in the carotid artery. The conduits treated with Anteris’ ADAPT® tissue technology showed no evidence of calcification, a major step towards ADAPT® treated prosthetic conduits for use in CABG (coronary artery bypass graft) surgeries. Anteris plans to start a larger animal study in Australia during 2021, implanting the conduit into the CABG position.

Anteris Technologies Ltd Registered Office:

Toowong Tower, Suite 302, Level 3, 9 Sherwood Rd, Toowong, Queensland, 4066

Customer Service

T +61 1300 550 310 | F +61 1300 972 437 | E info@anteristech.com | W anteristech.com

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CASH RECEIPTS AND CASHFLOW

The closing cash balance as at 30 June 2021 was \$3.1M, up \$1.5m from 31 March 2021, and included:

- Net operating cash outflows of \$2.9M, including staff costs of \$2.7M, administration and corporate costs of \$1.4M, product manufacturing and operating costs of \$0.3M and research and development investment of \$1.7M. This was partly offset by customer receipts of \$1.8 and the R&D tax refund received of \$1.5M;
- Investing cash outflows of \$0.2M primarily relate to IT acquisitions; and
- Financing cash inflow of \$4.6M includes proceeds from the issue of convertible notes (\$3.5M), new securities issued (\$2.9M) and the repayment of a short-term borrowing of \$1.2M.

CORPORATE ACTIVITY

In April 2021, Anteris closed the second tranche of the Mercer Street Global Opportunity Fund LLC (Mercer) funding facility, raising \$1.0M before costs. A further \$3.05M of capital was raised from a new convertible note issue (\$2.5M) to Mercer and a \$550K share issue to Mercer under the \$16.5M discretionary drawdown facility.

Too, Anteris raised \$2.3M through new shares placed to mainly top 10 institutional shareholders. The investors also received unlisted two-year options subsequently approved at the AGM.

In June 2021, Anteris received a \$1.49M Research and Development tax incentive refund as part of the Australian Government's R&D Tax Incentive Scheme FY2020. The refund repaid the \$1.22M short-term facility with Mitchell Asset Management Pty Ltd.

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 DurAVR™'s unique 3D single-piece aortic 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 the Board of Directors.

For more information:

Trina Raymond

WE Communications

E: WE-AUAnterisTech@we-worldwide.com

P: +61 420 316 449

www.anteristech.com

Twitter: @AnterisTech

Facebook: www.facebook.com/AnterisTech

Appendix 4C

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

Name of entity

Anteris Technologies Ltd

ABN

35 088 221 078

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,817	3,563
1.2 Payments for		
(a) research and development	(1,652)	(2,542)
(b) product manufacturing and operating costs	(292)	(391)
(c) advertising and marketing	(100)	(193)
(d) leased assets	-	-
(e) staff costs	(2,712)	(6,046)
(f) administration and corporate costs	(1,387)	(2,941)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(80)	(149)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,493	1,493
1.8 Other	-	-
-proceeds from licence for sterilisation process		
-gain on derivative contract		
1.9 Net cash from / (used in) operating activities	(2,912)	(7,205)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(167)	(193)
	(d) investments	-	(400)
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	8	8
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(159)	(585)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,877	3,878
3.2	Proceeds from issue of convertible debt securities	3,500	5,000
3.3	Proceeds from exercise of options	4	4
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(446)	(815)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(1,220)	(1,220)
3.7	Transaction costs related to loans and borrowings	-	(27)
3.8	Dividends paid	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
3.9	Other (provide details if material)	(147)	(242)
3.10	Net cash from / (used in) financing activities	4,568	6,578

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,643	4,354
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,912)	(7,205)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(159)	(585)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,568	6,578
4.5	Effect of movement in exchange rates on cash held	6	4
4.6	Cash and cash equivalents at end of period	3,146	3,146

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	3,058	1,555
5.2	Call deposits	88	88
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)	3,146	1,643

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	342
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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	1,487	1,487
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	5,486	5,486
7.4	Total financing facilities	6,973	6,973
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.		
	<ul style="list-style-type: none"> Loan facility of \$1.49M from Sio Capital, capitalised interest at 12% per annum, maturing 15 December 2021. \$1M is secured against the assets of Anteris Technologies Ltd. Other consists of: <ul style="list-style-type: none"> (a) Convertible notes to Mercer with a face value of \$5.4M. No interest is payable on unconverted drawn funds. The amounts drawn down are secured against Anteris' assets excluding the ADAPT intellectual property. Details of the convertible notes is disclosed below: <ul style="list-style-type: none"> The first tranche of \$1.62M* face value entitles Mercer the right to convert the note into fully paid ordinary shares at 90% of the average five-day VWAP immediately prior to the issue of the conversion notice, subject to a floor price of \$2.50. Expiry 19 May 2022. The second tranche of \$1.08M* face value entitles Mercer the right to convert the note into fully paid ordinary shares at 90% of the average five-day VWAP immediately prior to the issue of the conversion notice, subject to a floor price of \$2.50. Expiry 12 August 2022. The third tranche of \$2.7M* face value entitles Mercer the right to convert the note into fully paid ordinary shares at 90% of the average five-day VWAP immediately prior to the issue of the conversion notice, subject to a floor price of \$4.00. Expiry 12 August 2022. (b) ANZ financial guarantee \$86k at an interest rate of 2.5%, expiring 30 April 2024. <p>*All amounts shown on a gross basis (prior to transaction costs).</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,912)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,146
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,146
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.1
<i>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.</i>		

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 this work program will continue to result in a net cash outflow from operating activities.
- During the prior quarter, the Company announced a funding package with Mercer on 6 January 2021 of up to \$20m including a \$1m placement of new shares, \$2.5m of convertible notes plus \$16.5m in a discretionary drawdown facility for Mercer to invest in new shares subject to certain terms and conditions. The \$1m placement and \$1.5m of convertible notes were drawn down during the prior quarter.
- During this quarter, the Company received from Mercer a further \$1M under the Second Tranche of convertible notes, \$2.5M from the issue of the Third Tranche of convertible notes and \$0.55M from the issue of new shares to Mercer. This share issue was a drawdown against the total \$16.5M discretionary drawdown facility.
- The Company is currently undertaking a capital raise and in this regard requested a trading halt on 29 July 2021.
- 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 it will be able to continue its operations and to meet its business objectives after considering the following:
 - Significant milestones achievements in developing its ADAPT® technology and product 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 produced utilising the ADAPT® technology.
 - Anteris saw significant progress with AVR's ComASUR™ catheter delivery system, with working prototypes successfully deployed in multiple tests.
 - The company continues the development of new products utilising the ADAPT® technology which remain on-track for commercialisation opportunities.
 - On this basis, the Company considers 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: 30 July 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.