

ASX ANNOUNCEMENT

28 October 2021

QUARTERLY ACTIVITY REPORT FOR THE PERIOD TO 30 SEPTEMBER 2021

Brisbane, Australia and Minneapolis, USA. Anteris Technologies Ltd (ASX: AVR) (Anteris or the Company) releases its Appendix 4C – Quarterly Cash Flow report for the quarter ended 30 September 2021 (Q3, 2021).

Highlights

- Material progress towards its proposed FDA early feasibility study submission with multiple mandated pre-clinical trials concluded.
- World renowned interventional cardiologist, Dr Chris Meduri MD MPH, appointed as Chief Medical Officer to lead clinical progress of DurAVR™ THV System.
- Manufacturing breakthrough with the development of world-first, specialised machinery leveraging an innovative processing technique for producing the tissue used for ADAPT® treated products.
- Manufacturing agreement for CardioCel™ and VasculCel™ with LeMaitre extended until July 2023 delivering additional ongoing revenue generation.

COMMENTARY ON THE QUARTER

During the quarter, Anteris made significant progress towards its proposed FDA clinical study with further validation of its heart valve focused ADAPT®, DurAVR™ and ComASUR™ products.

The Company appointed internationally recognised Interventional Cardiologist, Dr Chris Meduri MD MPH, as its Chief Medical Officer in September 2021, to help guide its clinical programme. Dr Meduri is a recognised leader in the field of valvular heart disease, serving as the national principal investigator of several valve trials and on numerous steering committees where he had an instrumental role in researching, clinically validating and commercialising novel and innovative heart products.

Anteris' made a manufacturing breakthrough with the tissue used in ADAPT® treated products from bovine pericardium. It developed world-first, proprietary machinery capable of creating consistently thin tissue via an innovative processing technique. This technique reduces the native pericardial thickness to yield precise tissue used to make the Company's 3D single-piece aortic valves.

Additionally, the Company extended its manufacturing agreement for CardioCel™ and VasculCel™ with LeMaitre Vascular Inc at its Malaga facility in Western Australia an additional nine-months. The manufacturing contract will now conclude in July 2023.

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Subsequent to the quarter end, Anteris announced preliminary results from its final chronic animal study for the FDA early feasibility study submission on its proposed US TAVR clinical trial. Full results from the study are expected in early November 2021.

“This has been a pivotal quarter for the Company as it progresses rapidly towards its TAVR clinical studies. Pre-clinical results are exceptional and DurAVR™ continues to demonstrate its clinical and commercial potential. The Company is at a point where it has significant public support from the global medical community and is attracting first class talent as it prepares to commence clinical trials,” Anteris CEO Wayne Paterson said.

CASH RECEIPTS AND CASHFLOW

The closing cash balance as at 30 September 2021 was \$4.7M, up \$1.5m from 30 June 2021, and included:

- Net operating cash outflows of \$6.2M, including staff costs of \$3.9M, administration and corporate costs of \$1.4M, product manufacturing and operating costs of \$0.6M and research and development investment of \$1.8M. This was partly offset by customer receipts of \$1.7m;
- Investing cash outflows of \$0.5M primarily relate to IT and laboratory equipment acquisitions; and
- Financing cash inflow of \$8.2M including proceeds from the issue of ordinary share capital and options (\$9M) offset by transaction costs.

CORPORATE ACTIVITY

In August 2021, Anteris raised \$9 million in gross proceeds from a placement of 1.25 million new ordinary shares at \$8.00 each to sophisticated investors. Funds raised will be used to develop DurAVR™, the Company's 3D single-piece aortic valve for treating aortic stenosis, as it progresses towards an FDA clinical trial in humans.

Investors who participated in the placement also received three unlisted 4-year Options for every five new shares issued (totaling 675,000 options), with an exercise price of \$10.00.

As announced on 27 October 2021 the Company raised a further \$5M from sophisticated investors through the issue of new shares and unlisted options. The transaction includes 500,000 short dated (4 month) free attaching options at \$10 that have the ability to raise \$5M. The \$5M raised is not incorporated in the following quarterly cashflow report.

There are currently 2.3M listed options which expire in mid-December 2021 with an exercise price of \$8. With continued buoyancy of the share price above \$8 it is anticipated that some of these listed options will be converted prior to maturity.

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.

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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

35 088 221 078

Quarter ended ("current quarter")

30 September 2021

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		1,707	5,270
1.2 Payments for			
(a) research and development		(1,783)	(4,325)
(b) product manufacturing and operating costs		(605)	(996)
(c) advertising and marketing		(201)	(394)
(d) leased assets		-	-
(e) staff costs		(3,854)	(9,900)
(f) administration and corporate costs		(1,428)	(4,369)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		1	2
1.5 Interest and other costs of finance paid		(49)	(198)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	1,493
1.8 Other		-	-
-proceeds from licence for sterilisation process			
-gain on derivative contract			
1.9 Net cash from / (used in) operating activities		(6,212)	(13,417)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(484)	(677)
	(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
	(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	(484)	(1,069)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	9,000	12,878
3.2	Proceeds from issue of convertible debt securities	-	5,000
3.3	Proceeds from exercise of options	1	5
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(686)	(1,501)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(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 (9 months) \$A'000
3.9	Other (provide details if material)	(146)	(388)
3.10	Net cash from / (used in) financing activities	8,169	14,747

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,146	4,354
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,212)	(13,417)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(484)	(1,069)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,169	14,747
4.5	Effect of movement in exchange rates on cash held	54	58
4.6	Cash and cash equivalents at end of period	4,673	4,673

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	4,584	3,058
5.2	Call deposits	89	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)	4,673	3,146

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 including deferred prior period short term incentive	866
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		
7.	Financing facilities <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>	
	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1,533
7.2	Credit standby arrangements	-
7.3	Other (please specify)	6,036
7.4	Total financing facilities	7,569
7.5	Unused financing facilities available at quarter end	486
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 \$1.53M 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:
 - (a) Convertible notes to Mercer Street Global Opportunity Fund, LLC (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:
 - 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) Undrawn discretionary drawdown facility from Mercer to invest in new shares subject to certain terms and conditions. The Company has entered into a funding package with Mercer which includes a \$16.5m discretionary drawdown facility (\$0.6m drawn) for Mercer to invest in new shares subject to certain terms and conditions. These include that Mercer cannot be required to acquire an interest in fully paid ordinary shares in Anteris exceeding 4.99% unless Mercer gives its written consent and in that case it is not to exceed 9.99%.
 - (c) ANZ financial guarantee \$86k at an interest rate of 2.5%, expiring 30 April 2024.

*All amounts shown on a gross basis (prior to transaction costs).

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(6,212)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,673
8.3	Unused finance facilities available at quarter end (item 7.5)	486
8.4	Total available funding (item 8.2 + item 8.3)	5,159
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?

Answer:

- 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.

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:

- During this quarter, the Company raised \$9M from sophisticated investors through the issue of new shares and unlisted options.
- As announced on 27 October 2021 the Company raised a further \$5M from sophisticated investors through the issue of new shares and unlisted options. The transaction includes 500,000 short dated (4 month) free attaching options at \$10 that have the ability to raise \$5M.
- There are currently 2.3M listed options which expire in mid-December 2021 with an exercise price of \$8. With continued buoyancy of the share price above \$8 it is anticipated that some of these listed options will be converted prior to maturity.
- The Company continues to work with its advisers on its capital requirements and future capital transactions.

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:

The Company expects it will be able to continue its operations and to meet its business objectives after considering the following:

- Significant milestones and achievements continue with the development of the 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.

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: 28 October 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 – e.g. 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.