

ASX RELEASE

26 April, 2017

ASX Market Announcements
Australian Securities Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

Admedus Limited **Quarterly report - Appendix 4C for period to 31 March 2017**

Please refer to the attached 'Appendix 4C' for details of cash flow results for the third quarter to 31 March 2017 for the Admedus Group.

HIGHLIGHTS

- **Cash balance at end of quarter \$14.4M (vs \$14.3M as at 31 December, 2016)**
- **Quarterly sales of \$4.9M taking revenue for first 9 months to \$17.2M, up 70% on the prior corresponding period (PCP) and on track to meet annual forecast**
- **Strong cash flow generation in quarter driven by R&D refund of \$1.5M relating to Admedus Vaccines and unwinding of working capital investments made in H1**
- **US sales team ramped up and in place driving new business**
- **US national accounts director in place and focusing on system wide contract proposals (volume)**
- **VascuCel® achieves first significant orders at major US centres**
- **CardioCel® Neo uptake increasing and winning competitor accounts**
- **TAVR project progressing with first IP filings expected next quarter**
- **Portfolio planning –CardioCel® 3D submitted to FDA and three further line extensions identified with manufacturing working on supply timing**
- **New data supporting the 'remodelling' claims for CardioCel® ready for release**
- **HSV-2 final Phase II data expected soon**

QUARTERLY OPERATIONAL HIGHLIGHTS

The launches of VascuCel® and CardioCel® Neo continued during the quarter, complemented by an increase in the US sales team and the appointment of a US national sales manager, as outlined in our webinar on 28 February, 2017. We believe that we have achieved 'critical mass', with the current scale up of headcount, to achieve the projected revenues. We continue to apply the principles of incremental revenue return (IRR) to all people investment proposals.

Admedus also lodged its FDA submission for its unique CardioCel® 3D product, which it anticipates will be approved later this year. The Company will also be undertaking additional clinical programs to support the launch of these products to highlight the benefits that the ADAPT® technology brings to patient and surgeon alike.

In the coming quarter, Admedus also anticipates the release of the herpes (HSV-2) Phase IIa data as well as an update on the Admedus Immunotherapies programs.

During the quarter, the TAVR development team made significant progress in the planning for the Admedus TAVR valve. The Admedus program is designing a next generation TAVR valve, which incorporates our ADAPT® tissue, with its unique engineered characteristics expected to address many of the problems experienced with the currently marketed TAVR valves. We will be looking to file our initial patents for this project in the coming quarter.

QUARTERLY FINANCIAL HIGHLIGHTS

Third quarter revenues of \$4.9M take YTD revenues to \$17.2M, ~70% ahead of PCP, and on track to meet full year targets. Margins were maintained during the quarter on relatively lower revenues than prior quarters. Selling, general and administration expenses are down ~26% PCP continuing to benefit from restructuring activities in the face of increased investment in sales force and market access. As a result, net operating losses have more than halved when compared to the same period last year.

Strong cash flow generation during the quarter saw the overall cash position finish at \$14.4M, mildly favourable (~\$0.1M) to the closing cash as at 31 December 2016. The positive results were driven primarily by the predicted un-winding of working capital investments made in H1 (~\$2.5M one-off) and by the receipt of \$1.5M R&D refund. Further R&D refunds of ~\$1.5M are anticipated to be received in quarter 4.

ADAPT® sales for the quarter reached \$1.5M taking year to date (YTD) growth to ~35% PCP. New US sales team and management recruited and in place and newly launched products VascuCel® and CardioCel® Neo beginning to generate results. Together these are expected to materially impact on ADAPT® revenues in the US over the coming 12 months and beyond. The sales trajectory across all regions (Emerging markets, Europe, US) is gaining the expected momentum as our new sales teams, metrics, marketing strategy and management become fully operational, team motivation is high and we are actively targeting key centres.

Our infusion business continued to perform strongly in the quarter with sales of \$3.4M taking YTD growth to ~90% PCP. Record consumable sales (i.e. excl. capital pump sales) have been recorded in March with sales reaching \$1.0M despite delays in the opening of the new Royal Adelaide Hospital (nRAH). Consumables sales under the nRAH contract are expected to build from June 2017.

OUTLOOK

The outlook for full year expectations remain unchanged to that provided by the Company as part of its half year results published on the ASX on 24 February 2017.

Yours faithfully

A handwritten signature in black ink, appearing to be 'M. Ziirsen', with a long horizontal flourish extending to the right.

Mark Ziirsen
Chief Financial Officer

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

ADMEDUS LTD

ABN

35 088 221 078

Quarter ended ("current quarter")

31 MARCH 2017

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	6,599	15,626
1.2 Payments for		
(a) research and development	(301)	(1,093)
(b) product manufacturing and operating costs	(2,458)	(10,340)
(c) advertising and marketing	(288)	(725)
(d) leased assets	0	0
(e) staff costs	(3,874)	(11,599)
(f) administration and corporate costs	(1,375)	(4,265)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	42	134
1.5 Interest and other costs of finance paid	(18)	(47)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	1,525	2,841
1.8 Other (provide details if material)	594	20
1.9 Net cash from / (used in) operating activities	447	(9,448)

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:		
(a) property, plant and equipment	(8)	(163)
(b) businesses (see item 10)	(400)	(2,400)
(c) investments		
(d) intellectual property	(15)	(75)
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(422)	(2,638)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	0	18,307
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	0	(1,135)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	0	17,172

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	14,344	8,813
4.2	Net cash from / (used in) operating activities (item 1.9 above)	447	(9,448)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(422)	(2,638)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	17,172
4.5	Effect of movement in exchange rates on cash held	0	470
4.6	Cash and cash equivalents at end of quarter	14,369	14,369

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	14,369	14,344
5.2	Call deposits		
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)	14,369	14,344

6. Payments to directors of the entity and their associates

**Current quarter
\$A'000**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

1,097

Salary - \$609k
Consulting services - \$327k
Directors fees - \$161k

7. Payments to related entities of the entity and their associates

**Current quarter
\$A'000**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8. Financing facilities available

Add notes as necessary for an understanding of the position

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

295

0

131

131

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

ANZ overdraft facility (undrawn) – \$295k
ANZ financial guarantees (bank) – \$131k

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	370
9.2 Product manufacturing and operating costs	1,700
9.3 Advertising and marketing	950
9.4 Leased assets	0
9.5 Staff costs	3,900
9.6 Administration and corporate costs	1,430
9.7 Other (provide details if material)	(80)
9.8 Total estimated cash outflows	8,270

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.

M. McGuire

Sign here:

Date: 26 April 2017

Company secretary

Print name: Mrs Maja McGuire

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.