

ASX RELEASE

31 October 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 30 September 2017**

Please refer to the attached 'Appendix 4C' for details of cash flow results for the quarter to 30 September 2017 for the Admedus Group.

RECENT HIGHLIGHTS

- **Record quarter for ADAPT sales which continue to accelerate.**
- **Net cash outflows reduced by 23% over the previous quarter (excluding the R&D rebate).**
- **Quarterly underlying sales¹ are up 16% on the prior quarter.**
- **Two separate patent applications for TAVR technologies were filed in the US.**
- **A new funding facility was arranged for up to \$10.0M in secured debt from Partners for Growth (after quarter close).**
- **Entered into an exclusive supply agreement for TMVR with 4C Medical.**
- **CardioCel® 3D moved from a pre-market programme to an expanded access programme.**
- **The new Royal Adelaide Hospital (nRAH) officially opened on 5 September 2017 – poised to positively impact infusion business sales.**

¹ "underlying sales" is sales revenue less capital sales (inventory)



QUARTERLY OPERATIONAL HIGHLIGHTS

Underlying sales² for the quarter were up 16% (\$0.7M) on Prior Comparable Period (PCP) with ADAPT sales up \$0.3M and Infusion up \$0.4M.

ADAPT sales for the quarter reached \$1.9M, up 23% on PCP. Sales in the US continue to grow strongly, up 33% in constant currency terms, driven by the strategic sales team structure organised around Single Product Focus, with separate and dedicated teams selling VascuCel® and CardioCel® products enhanced by independent channel representation and corporate accounts. The sales trajectory in Europe and Emerging Markets was largely flat due to operational changes and phasing.

The Company recently announced that we submitted IP applications for our pioneering new Transcatheter Aortic Valve Replacement (TAVR) device. The two patent pending applications in the United States relate to the development and manufacture of a three-dimensional replacement heart valve using Admedus' clinically superior proprietary ADAPT® technology that requires minimal suturing and a hydro-packaging system that will revolutionise the way TAVR products are assembled and distributed. This marks the beginning of our entry into the \$3B global TAVR market (projected to grow to more than \$5B by 2020).

We entered an exclusive supply agreement with 4C Medical Technologies, Inc., providing access to a potentially significant new revenue stream. Under the agreement, 4C Medical will utilise ADAPT®-engineered tissue for the functioning leaflet component of their novel designed Transcatheter Mitral Valve Replacement (TMVR) technology. With millions suffering from mitral regurgitation, the market for these devices is expected to reach more than \$3B by 2022.

Early in the quarter, we announced that CardioCel® 3D was moving from a pre-market programme to an expanded access programme: broadening the number of reference centres from four to ten as we introduce the product in a phased and prudent way working closely with physicians.

Our Infusion business continued to perform strongly this quarter. Underlying sales for the quarter, excluding capital sales, were up 24% PCP. Consumable sales are continuing to build, driven by nRAH and strong growth from the ambIT® infusion pumps.

QUARTERLY CASH FLOWS

Cash on hand at the end of the quarter was \$7.6M, down by \$3.7M from 30 June 2017. After quarter close, the Company entered into a secured debt facility for up to \$10M on 26 October 2017, giving the Company access to up to \$17.6M of cash.

Net cash outflows from operating activities improved by 23% (\$1.1M) over the previous quarter driven by stronger quarterly sales receipts (up \$0.6M) and lower operating expenditures (\$0.5M). Lower expenditure on R&D and staff costs were partially offset by increased marketing costs associated with investment in digital sales aids and related support materials in the ADAPT® business. Including R&D incentives, net cash outflows from operating activities were \$0.5M higher than the prior quarter.

² Underlying sales \$5.0M (PCP: \$4.3M) = sales revenue of \$5.0M (PCP: \$6.1M) less capital sales of \$0 (PCP: \$1.8M)

DEBT FINANCING

Subsequent to the end of the quarter, the Company announced it had entered into an agreement with Partners for Growth (PFG) for a secured debt facility of up to \$10M³. The facility consists of a \$5M revolving line of credit and a term loan of \$5M, both with a 36-month term. Securing this non-dilutive debt financing facility demonstrates strong support for Admedus' outlook and will be important in helping the Company take its business to the next level globally.

ANNUAL GENERAL MEETING

Further business updates will be provided at the Company's upcoming AGM to be held at 11:00am (Brisbane time) on 16 November 2017 at Novotel Brisbane.

Yours faithfully

A handwritten signature in black ink, appearing to be "Wayne Paterson".

Wayne Paterson
Chief Executive Officer

About Admedus Limited

Admedus (ASX:AHZ) is a medical technologies company delivering clinically superior solutions that help healthcare professionals create life-changing outcomes for patients. Our focus is on investing in and developing next generation technologies with world class partners, acquiring strategic assets to grow product and service offerings and expanding revenues from our existing medical sales and distribution business. The company has assets from research & development through clinical development as well as sales, marketing and distribution.

Website: www.admedus.com
Facebook: www.facebook.com/Admedus
Twitter: @Admedus

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³ ASX Release 26 October 2017

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 Limited

ABN

35 088 221 078

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,164	5,164
1.2 Payments for		
(a) research and development	(184)	(184)
(b) product manufacturing and operating costs	(2,160)	(2,160)
(c) advertising and marketing	(798)	(798)
(d) leased assets	0	0
(e) staff costs	(4,093)	(4,093)
(f) administration and corporate costs	(1,678)	(1,678)
1.3 Dividends received	0	0
1.4 Interest received	26	26
1.5 Interest and other costs of finance paid	(13)	(13)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	27	27
1.8 Other (provide details if material)	16	16
1.9 Net cash from / (used in) operating activities	(3,693)	(3,693)
2. Cash flows related to investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(7)	(7)
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(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	(7)	(7)
Consolidated statement of cash flows	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
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		
3.5 Proceeds from borrowings		
3.6 Repayments 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	-	-

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	11,260	11,260
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,693)	(3,693)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(7)	(7)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	7,560	7,560

5. Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	\$A'000	\$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the relate items in the accounts		
5.1 Bank balances	7,560	11,260
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)	7,560	11,260

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	272
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	

Salary - \$182k Director fees - \$90k
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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	

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount draw at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements	295	-
8.3 Other (please specify)	108	108
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 - \$295k ANZ Financial guarantees - \$108k Secured debt facility of up to \$10M entered into post quarter end.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	373
9.2 Product manufacturing and operating costs	2,871
9.3 Advertising and marketing	571
9.4 Leased assets	-
9.5 Staff costs	4,281
9.6 Administration and corporate costs	1,374
9.7 Other (provide details if material)	408
9.8 Total estimated cash outflows	9,879

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.



Sign here: Date: 31 October 2017
Director

Print name: Wayne Paterson

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.