

30.04.18

ASX ANNOUNCEMENT

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

Admedus Limited (ASX:AHZ)

Quarterly report – Appendix 4C for the period to 31 March 2018.

Please refer to the attached Appendix 4C for details of cash flow results for the quarter to 31 March 2018 for the Admedus Group.

HIGHLIGHTS OF THE QUARTER INCLUDE:

- \$6.2 million revenue for the quarter which exceeded internal forecasts and represented 25% growth on prior year.
- Agreement signed to allow CardioCel® and VascuCel® to be sold through purchasing groups representing more than 1,500 hospitals in the US.
- CardioCel 3D® launched in the US following successful user-evaluation program.
- India market launch following regulatory approval with first sales achieved.
- Critical durability milestone achieved for Transcatheter Aortic Valve Replacement (TAVR) passing 200 million cycles which is a key viability measure and allows the project to move to next stage.
- Ongoing growth in the Infusion business with consistent demand for high margin consumable sales and a strategic restructure to focus on expansion and new tender opportunities.
- Regulatory approval to launch CardioCel 3D® and VascuCel® in Canada.

FIRST QUARTER POSITIVE MOMENTUM

During this quarter Admedus core businesses, ADAPT® and Infusion, continued to achieve solid revenue performance, whilst maintaining disciplined cost management strategies. The company, reached an exciting and critical durability milestone in its TAVR project, received additional regulatory approvals and entered into a major purchasing agreement for ADAPT® providing access to 1,500 hospitals in the US.

SIGNIFICANT PURCHASING AGREEMENT

On 9 March 2018, Admedus announced that it had entered into an agreement with a group purchasing organisation (GPO) covering more than 1,500 hospitals in the US. The agreement took effect from 1 April 2018 and provides the network with access to Admedus ADAPT® tissue products, CardioCel® and VascuCel®. Admedus will share access, with one other supplier, to an estimated annual spend of US\$5.2 million. In line with our strategy to expand our accessible markets we are also pursuing

opportunities with multiple Integrated Delivery Networks (IDN's) and will continue to update the market as these develop.

TAVR TESTING MILESTONE ACHIEVED

On 12 March 2018, Admedus announced that its TAVR device prototype passed a key development milestone by achieving the required durability benchmark of 200 million cycle tests for cardiac valves. The completion of the durability test gives the company the green light to continue its investment in this strategically important initiative.

Since lodging its IP applications in October 2017, Admedus has actively continued the research and development phase of the project which potentially offers a long-term opportunity to enter the global TAVR market that is currently worth an estimated US\$3.5 billion and projected to reach US\$5 billion by 2020.

“Having been involved with this project from the beginning with some of the best device engineers in this space and consistently hearing positive feedback from our Key Opinion Leaders (KOLs) who perform these surgeries daily, I am personally excited for the next phase of this development,” said CEO Wayne Paterson.

CONTINUED GROWTH IN ADAPT® PORTFOLIO AND ENTRY INTO NEW MARKETS

ADAPT® achieved sales revenue of \$2.2 million for the quarter, with March being a record month for both the US and total global sales. This was a direct result of a significant number of our new US sales force becoming operational in the last four weeks of the quarter. Building sales force strength in North America was our key focus in the quarter and positions us for strong revenue growth for the rest of the financial year.

VascuCel® received regulatory approval in Canada in March 2018 and will be distributed through the existing network.

CardioCel® was launched in India on 30 January 2018 which attracted immediate sales and high levels of interest from Indian KOLs and healthcare providers. This represents the first step into one of the world's most important and dynamic medical markets, with approximately 50 million cardiac patients and 280,000 babies born annually with a Congenital Heart Disease (CHD).

CardioCel® 3D

CardioCel® 3D is the first of our next-generation shaped tissue products and represents a disruptive technology in the highly complex aortic arch repair space. To date, no other company has been able to deliver a 3D collagen solution. CardioCel 3D® was made available in the US from 1 February 2018 with first sales recorded in February. During the quarter we also adapted our sales strategy to capture a newly identified wider market opportunity for medium complexity procedures.

CardioCel 3D® also received regulatory approval to offer the product into Canada.

“During the quarter, our research team continued to identify and test new product concepts with our advisory board doctors and medical engineers. The company now

has a clear development pathway for sixteen (16) 3D shaped collagen surgical solutions. This makes Admedus unique in this space,” said Paterson.

“This portfolio is made up of products that, once developed and commercialized, could have a market value greater than USD \$200 million and would serve a variety of patients where there are high unmet medical needs.”

INFUSION CONTINUES WITH CONSISTENT GROWTH

Admedus’ infusion business continued to grow during the quarter compared to the prior corresponding period. Total revenue of \$4.0 million was primarily driven by increased orders from the Royal Adelaide Hospital. The Company continues to identify tender opportunities across the country and will actively compete for these as they become available.

The rate of growth in the infusion business has led to a refocus of its strategy which included the appointment of our new Business Unit Head, Glenn Gilchrist who will facilitate the expansion of the unit into new tenders and territories.

CAPITAL MANAGEMENT

At the end of the quarter Admedus had \$3.7m in debtors and \$2.8m in cash (including \$0.9m for Admedus Vaccines).

The Company’s debt financier granted financial covenant waivers for breach of minor covenants and as at the date of this report the Company has not drawn down on the remaining \$5m of its \$10m debt financing facility.

CHANGE OF REPORTING DATES

Admedus changed its financial year-end from 30 June to 31 December releasing the annual financial report for the period ended 31 December 2017 (6 months) on 28 February 2018. The change more closely aligns Admedus’ reporting period with its global business sales cycles, assisting with forecasting, cash flow management and investment decisions.

The quarter ended 31 March 2018 is therefore the first quarter for Admedus based on the changed financial year-end.

Yours faithfully



Wayne Paterson

Chief Executive Officer

+Rule 4.7B
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”)

31 March 2018

Consolidated statement of cash flows	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,776	6,776
1.2 Payments for		
(a) research and development	(541)	(541)
(b) product manufacturing and operating costs	(3,405)	(3,405)
(c) advertising and marketing	(144)	(144)
(d) leased assets	-	-
(e) staff costs	(5,201)	(5,201)
(f) administration and corporate costs	(2,134)	(2,134)
1.3 Dividends received		
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	(147)	(147)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(4,789)	(4,789)
2. Cash flows related to investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(85)	(85)
(b) businesses (see item 10)		
(c) investments	(400)	(400)
(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	(485)	(485)

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(3 months) \$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	8,255	8,255
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,789)	(4,789)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(485)	(485)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(176)	(176)
4.6	Cash and cash equivalents at end of quarter	2,805	2,805
5.	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the relate items in the accounts	\$A'000	\$A'000
5.1	Bank balances	2,640	3,090
5.2	Call deposits	165	5,165
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)	2,805	8,255
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	283	
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		
Director fees and CEO remuneration			

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 drawn at quarter end \$A'000
8.1	Loan facilities	10,000	5,000
8.2	Credit standby arrangements	-	-
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.		

<ul style="list-style-type: none"> Partners for Growth: <ul style="list-style-type: none"> \$5m secured term loan, fully drawn Interest rate: 11.25%¹ \$5m secured revolving line of credit, undrawn Interest rate: 9.75%¹ ANZ Financial guarantees - \$108k <p>¹ A higher interest rate is payable if interest is not paid on time and fees may apply for multiple late payments</p>

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	492
9.2	Product manufacturing and operating costs	2,277
9.3	Advertising and marketing	599
9.4	Leased assets	-
9.5	Staff costs	6,455
9.6	Administration and corporate costs	1,868
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	11,691

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: 30 April 2018
Company Secretary

Print name: Catherine Costello

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.

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
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For more information, please contact:

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