

31 July 2019

# ASX ANNOUNCEMENT

## QUARTERLY REPORT – APPENDIX 4C FOR THE PERIOD TO 30 JUNE 2019

Admedus (ASX: AHZ) (**Admedus** or the **Company**) releases its Appendix 4C – Quarterly report for the period ended 30 June 2019 (Q2, 2019).

### HIGHLIGHTS THIS QUARTER:

- Revenue of \$5.6M for the quarter (includes ADAPT<sup>®</sup> and Infusion sales)
- ADAPT<sup>®</sup> sales of \$3.1M, up 14% on PCP (\$2.7M, Q2 2018)
- North America ADAPT<sup>®</sup> business sales were \$2.2M, up from \$1.7M PCP
- The Company sold part of its Infusion business to BTC Speciality Health Pty Ltd for \$6.3M
- Largest multi-centre study data on CardioCel<sup>®</sup> published in prestigious journal
- Admedus continues to progress its recapitalisation plan
- \$A1 million debt facility established with investor, SIO Partners
- Cash balance as of 30 June 2019 was \$4.9M

### GLOBAL REVENUE FROM ADAPT<sup>®</sup> UP 14% PCP

Admedus reported overall revenue of \$5.6M, including sales from the Company's ADAPT<sup>®</sup> product portfolio and the Infusion business. ADAPT<sup>®</sup> sales grew to \$3.1M, up 14% on PCP (\$2.7M, Q2 2018).

In North America, Admedus' largest and strongest market, ADAPT<sup>®</sup> sales were \$2.2M, up 25% on the PCP consisting of higher contract manufacturing sales under the 4C Technology Partnership Agreement plus a 4% increase in ADAPT<sup>®</sup> sales. This performance is despite a reduction in the North American sales force over the PCP. The European business grew 27% over the PCP to \$651K (\$512K, Q2 2018). Sales in the Emerging markets declined compared to the PCP but it achieved its second highest quarterly result which was set in Q2 2018.

#### Admedus Limited

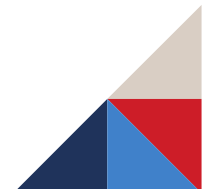
#### Registered Office:

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

#### Customer Service:

T: 1300 550 310 F: 1300 880 398 International: T: +61 (0)7 3152 3200 F: +61 (0)7 3152 3299

E: [info@admedus.com](mailto:info@admedus.com) W: [admedus.com](http://admedus.com)



## **INFUSION**

On 31 May 2019, the Company divested part of its infusion business to BTC Speciality Health Pty Ltd for \$6.3 million. Accordingly, revenue for the quarter (\$2.5M) included two months sales from the full existing business.

## **POSITIVE DATA ON CARDIOCEL® PUBLISHED IN LEADING JOURNAL**

In June, the prestigious peer-reviewed journal, *The Annals of Thoracic Surgery*, published an independent study assessing the performance of CardioCel®. The study was the largest multi-centre study of data to date and involved 501 implants in 377 patients across three sites in Australia and the United Kingdom.

Importantly, the study found CardioCel® had good durability in paediatric patients, performed comparably on the systemic and pulmonary circulations with no evidence of patch calcification and showed 96% of patients free from reintervention at three and five years.

The study reinforces ADAPT® tissue has superior durability and CardioCel® is clinically superior. This is particularly salient for the Company as its TAVR device, which utilises ADAPT® tissue, progresses towards its first-in-human studies.

## **\$A1 MILLION DEBT FACILITY ESTABLISHED WITH INVESTOR, SIO PARTNERS**

In May, the Company entered into a \$A1 million facility agreement with SIO Partners, LP to fund general working capital and operation costs. The loan is for an 18-month term and forms part of the Company's overall recapitalisation plan.

## **CASH FLOWS**

The closing cash balance at 30 June 2019 was \$4.9 million, which has increased by \$0.3 million compared to 31 March 2019 and includes the following:

- Operating cash outflow of \$6.7 million, including an ongoing investment in Research & Development of \$0.9 million.
- Investing cash inflows of \$6.3 million, relating to the sales proceeds and debtor receipts from the Infusion business sale.
- Financing cash inflows of \$0.8 million, including the \$1 million debt funding from SIO Partners.

The operating cash outflows for the quarter were \$1.5 million lower than the estimate provided at April 2019, due primarily to lower product manufacturing costs and timing of research and development and marketing spend.

The estimated quarter three 2019 operating cash outflow is \$10.1 million – refer section 9 below for details.

## **IMMUNOTHERAPIES**

The Company previously advised Admedus Vaccines Pty Ltd was placed in Administration. The Administrator P A Lucas & Co Pty Ltd has subsequently advised Admedus Vaccines Pty Ltd be wound up voluntarily following a creditors' resolution on 4 June 2019.

## **BOARD OF DIRECTORS**

Ms Lishan Zhang resigned as a non-executive director of Admedus Ltd on 31 May 2019.

## **IN SUMMARY**

Chief Executive Officer, Wayne Paterson said:

"This quarter was key to our overriding vision/objective to create a singularly focused company operating in the structural-heart area. We are constantly working to improve our balance sheet and working capital profile."

"The CardioCel<sup>®</sup> data published this quarter reaffirmed there is enormous potential across the ADAPT<sup>®</sup> portfolio, particularly our TAVR device in development. Our TAVR device remains key to our Company's ongoing growth strategy and, as we move closer to first-in-human studies, I look forward to providing updates to our shareholders."

Yours faithfully



Wayne Paterson  
Chief Executive Officer

**ENDS**

For more information, please contact:  
[Admedus@we-buchan.com](mailto:Admedus@we-buchan.com)

### **About Admedus Limited**

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

Website: [www.admedus.com](http://www.admedus.com)

Facebook: [www.facebook.com/Admedus](http://www.facebook.com/Admedus)

Twitter: [@Admedus](https://twitter.com/Admedus)

## 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 June 2019

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date</b>
		<b>\$A'000</b>	<b>(6 months) \$A'000</b>
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	4,133	10,106
1.2	Payments for		
	(a) research and development	(852)	(1,640)
	(b) product manufacturing and operating costs	(1,598)	(3,612)
	(c) advertising and marketing	(295)	(512)
	(d) leased assets	-	-
	(e) staff costs	(5,852)	(12,800)
	(f) administration and corporate costs	(2,286)	(4,535)
1.3	Dividends received		
1.4	Interest received	9	40
1.5	Interest and other costs of finance paid	(7)	(15)
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)		
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(6,748)</b>	<b>(12,968)</b>
<b>2.</b>	<b>Cash flows related to investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(8)	(15)
	(b) businesses (see item 10)		
	(c) investments		(400)
	(d) intellectual property		
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	3	3
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets	6,274	6,274
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>6,269</b>	<b>5,862</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date</b>
		<b>\$A'000</b>	<b>(6 months) \$A'000</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
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	(85)	(640)
3.5	Proceeds from borrowings	1,000	1,000
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)	(132)	(263)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>783</b>	<b>97</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	4,626	12,036
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,748)	(12,968)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	6,269	5,862
4.4	Net cash from / (used in) financing activities (item 3.10 above)	783	97
4.5	Effect of movement in exchange rates on cash held	(43)	(140)
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>4,887</b>	<b>4,887</b>
<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
	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	4,778	4,414
5.2	Call deposits	109	212
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,887</b>	<b>4,626</b>

**6. Payments to directors of the entity and their associates**

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

**Current quarter  
\$A'000**

366

-

Director fees and CEO remuneration

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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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<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	1,000	1,000
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"> <li>On 8 May the Company entered into a facility agreement with SIO Partners, LP for a secured debt facility of AUD\$ 1 million. The facility runs for a term of 18 months and is charged an interest rate of 12% per annum, compounded on a monthly basis and added to the loan balance. The facility incurred a one-off fee of AUD\$ 125,000 which has been capitalised to the loan. The principal interest and facility fee are all repayable on maturity of the loan. If shareholder approval is obtained, the outstanding balance may at SIO's election by notice provided to the Company no later than 3 months prior to maturity be converted to ordinary shares in the Company.</li> <li>ANZ Financial guarantees - \$108,000</li> </ul>
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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	1,097
9.2 Product manufacturing and operating costs	2,196
9.3 Advertising and marketing	410
9.4 Staff costs	4,281
9.5 Administration and corporate costs	2,092
9.6 Investments	-
9.7 Share issuance costs	-
9.8 Other (Capital expenditure)	-
<b>9.9 Total estimated cash outflows</b>	<b>10,076</b>

<b>10.</b>	<b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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 July 2019

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.

### 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, profitable medical sales and distribution business. The company has assets from research & development through clinical development as well as sales, marketing and distribution.

### For more information:

[Admedus@we-buchan.com](mailto:Admedus@we-buchan.com)

Website: [www.admedus.com](http://www.admedus.com)

Twitter: @Admedus

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