

31 October 2019

ASX ANNOUNCEMENT

QUARTERLY REPORT FOR THE PERIOD TO 30 SEPTEMBER 2019

Admedus Limited (ASX:AHZ) (**Admedus** or the **Company**) releases its Appendix 4C – Quarterly Cash Flow report and commentary for the period ended 30 September 2019 (Q3, 2019).

HIGHLIGHTS

- Signed \$36.2M deal (including all earnouts) with LeMaitre Vascular Inc. for the VascuCel[®] and CardioCel[®] product range, Admedus retains all intellectual property for ADAPT[®] technology process/platform
- Admedus now focused on product innovation of the TAVR programme and future structural heart products, in line with stated strategy
- Company receives positive interim results from single-piece 3D valve animal study, expects to progress to first-in-human trial in 2020
- Revenue of \$4.1M for the quarter (includes ADAPT[®] and Infusion sales)
- ADAPT[®] sales (predominantly CardioCel[®] and VascuCel[®]) of \$3.1M (Q3 2019)
- Cash balance as of 30 September 2019, was \$1.7M. Admedus received \$21.2M in upfront payment from LeMaitre post transaction close, to be reflected in the December 2019 quarter cash balance.

COMMENTARY ON THE QUARTER

Negotiations for the sale of the CardioCel[®] and VascuCel[®] distributions rights to LeMaitre Vascular Inc. dominated the Company's activities during the quarter, with executive management primarily focused on delivering this transaction by early Q4.

As announced to the ASX on 14 October 2019, the transaction was completed in a deal worth up to \$36.2M assuming all earnouts realised on milestones under the sale agreement.

Admedus Limited

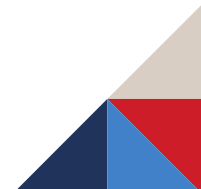
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The Company received \$21.2M post transaction close in an upfront payment and will receive two instalments of \$1M each after 12 months and 36 months exclusive of achieving earnout milestones over the next two years following the sale.

The Company also retained manufacturing rights at its' Malaga facility in Western Australia for up to three years. The agreement guarantees a major stream of ongoing revenue with a 20% margin over cost.

As noted in the ASX release, the transaction was transformational for Admedus. The Company's primary focus shifts to the successful advancement of the Transcatheter Aortic Valve Replacement (TAVR) programme and other potential products based on its proprietary ADAPT® platform technology.

TAVR

Discussions with potential partners to the Company's TAVR programme continued during the quarter. Two global MedTechs currently share the TAVR market followed by a small number of well-resourced MedTech aspirants. It is anticipated this market will grow to \$US12 billion within 5 to 6 years.

The LeMaitre transaction has validated the commercial potential of the ADAPT® technology, reinforcing both the established scientific and clinical knowledge as well as its growing awareness amongst key opinion leaders in the medical space.

Despite the corporate demands placed on executive management by the LeMaitre transaction, furthering awareness of ADAPT®'s clinical success and the TAVR programme's potential at medical conferences and presentations to key players in the space remained a priority.

In September 2019, Admedus received positive interim results from its 3D Aortic valve sheep study. The valve is an integral part of the TAVR device's design, which is being finalised by Admedus' advisory board of TAVR Physicians and engineers.

The positive results suggest that normal valvular function can be achieved postoperatively with the 3D valve and that it was easy to implant. During the study, there was no regurgitation and no material or surgical failures. The results also suggest that similar effects could be expected in humans. The Company expects to receive the final results in the coming weeks and is preparing to move towards first-in-human studies.

REVENUE

Maintaining ADAPT® sales momentum was central to the price negotiated with LeMaitre. Hence, the Company's business in that regard continued as normal. ADAPT® sales were \$3.1M for the quarter (up 2% on the previous corresponding period) with North America providing the lion's share.



Total revenue for Q3FY19 was \$4.1M compared with \$6.3M for the PCP. The drop reflects the near complete exit from the Infusion business following the divestment of the major part of the Infusion business to BTC Health Ltd for \$6.3M on 31 May 2019.

CORPORATE ACTIVITIES AND CASH FLOWS

CASH FLOWS

The closing cash balance at 30 September 2019 was \$1.7M, down \$3.2M compared with 30 June 2019 and includes:

- Operating cash outflow of \$3.5M, including ongoing investment in Research & Development of \$1.1M.
- Investing cash inflow of \$0.4M, relating to debtor receipts from the part sale of the Infusion business.

The operating cash outflows for the quarter were \$1.1M lower than the estimate provided at June 2019, predominantly due to lower product manufacturing and operating costs.

The estimated Q4 2019 operating cash outflow is \$8.5M – refer section 9 below for details. The Company will continue to incur costs relating to ADAPT[®] sales for the December quarter as the CardioCel[®] and VascuCel[®] business transitions to LeMaitre including redundancy payments.

IN SUMMARY

The September 2019 quarter was a demarcation in the Company's history. Following the LeMaitre transaction, Admedus can focus on releasing significant value from its proprietary ADAPT[®] technology with a well-cashed base and without the distractions of peripheral, unsustainable business operations for an enterprise of this Company's size, resources and capital limitations.

The LeMaitre transaction was not possible earlier as the Company did not have the established market presence, corporate stability, focus and clinical and commercial profile in the marketplace.

GOING FORWARD

The Company's singular focus on developing novel ADAPT[®] based products for global markets allows for a greater return on capital investment. The Company's new, credible reputation as having a unique clinical and commercial edge over competitor products holds promise to make rewarding partnerships with major industry players, resourced and motivated to fund the commercialisation of potential products such as the ADAPT[®] based TAVR, now in preliminary animal studies.

“Commercialising a project such as TAVR is not without risk. However, the ADAPT[®] clinical science brings significant benefits to the space. The marketplace - industry, scientific and clinical - is acutely aware of the ADAPT[®] technology edge over any other product commercialised or in development. This includes the first only collagen scaffold that is free from residual DNA, and the first and only single-piece 3D aortic valve. The clinical evidence



and ten year follow up in man is unmatched. We are sanguine about its potential and the attraction it holds for industry players, as well as its potential to bring important benefits to patients and Health Care Professionals. Admedus Chief Executive Officer, Wayne Paterson, said.

Yours faithfully

A handwritten signature in black ink, appearing to be "Wayne Paterson", written in a cursive style.

Wayne Paterson
Chief Executive 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 Limited

ABN 35 088 221 078

Quarter ended (“current quarter”)

30 September 2019

Consolidated statement of cash flows		Current quarter	Year to date
		\$'000	(9 months) \$'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	5,431	15,537
1.2	Payments for		
	(a) research and development	(1,075)	(2,715)
	(b) product manufacturing and operating costs	(1,115)	(4,727)
	(c) advertising and marketing	(238)	(750)
	(d) leased assets	-	-
	(e) staff costs	(4,467)	(17,267)
	(f) administration and corporate costs	(1,885)	(6,420)
1.3	Dividends received	-	-
1.4	Interest received	7	47
1.5	Interest and other costs of finance paid	(190)	(205)
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	(3,532)	(16,500)
2.	Cash flows related to investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(2)	(17)
	(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
	(b) businesses (see item 10)	381	6,655
	(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	379	6,241

Consolidated statement of cash flows		Current quarter	Year to date
		\$'000	(9 months) \$'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	-	(640)
3.5	Proceeds from borrowings	-	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)	(9)	(272)
3.10	Net cash from / (used in) financing activities	(9)	88
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	4,887	12,036
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,532)	(16,500)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	379	6,241
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(9)	88
4.5	Effect of movement in exchange rates on cash held	22	(118)
4.6	Cash and cash equivalents at end of quarter	1,747	1,747
5.	Reconciliation of cash and cash equivalents	Current quarter \$'000	Previous quarter \$'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	1,638	4,778
5.2	Call deposits	109	109
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)	1,747	4,887

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
\$'000**

325

-

Director fees and CEO remuneration

7. Payments to related entities of the entity and their associates	Current quarter \$'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 \$'000	Amount drawn at quarter end \$'000
8.1 Loan facilities	-	-
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"> • ANZ Financial guarantees - \$108k

9. Estimated cash outflows for next quarter	\$'000
9.1 Research and development	(795)
9.2 Product manufacturing and operating costs	(1,434)
9.3 Advertising and marketing	(181)
9.4 Staff costs	(3,693)
9.5 Administration and corporate costs	(2,248)
9.6 Investments	-
9.7 Share issuance costs	-
9.8 Other (Capital expenditure)	(155)
9.9 Total estimated cash outflows	(8,506)

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 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 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.

For more information:

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