

31 January 2020

ASX ANNOUNCEMENT

QUARTERLY REPORT FOR THE PERIOD TO 31 DECEMBER 2019

Admedus Limited (ASX:AHZ) (**Admedus** or the **Company**) releases its Appendix 4C – Quarterly Cash Flow report and commentary for the period ended 31 December 2019 (Q4, 2019).

HIGHLIGHTS

- Transformation to a structural heart company
- Focus shifted to developing proprietary ADAPT[®] single-piece 3D aortic valve for the SAVR and TAVR (surgical and transcatheter aortic valve replacement device) space
- Pivot was the sale of the distribution rights to the Company's CardioCel[®] and VascuCel[®] product range while retaining sole-control on all IP for the ADAPT[®] technology platform
- Patch business sold for \$A36.2M (including all earnouts) to LeMaitre Vascular Inc. with \$A21.2M upfront payment
- Up to \$A11.4M on earn-out payments (at the then \$US0.67/\$A1 rate) on achieving milestones
- Up to three years manufacturing contract with 20% margin above cost to AHZ
- First order for approximately 12,500 CardioCel[®] and VascuCel[®] patches for the year ahead
- Quantity significantly exceeded patch unit sales over the previous 12 months
- Successful completion of ovine study using ADAPT[®] aortic valve replacement
- Successful presentation of ovine study at London Valve conference in UK

COMMENTARY ON THE QUARTER

Following the sale of the CardioCel[®] and VascuCel[®] distribution rights to LeMaitre Vascular Inc. on 14 October 2019, the Company completed the integration process including the required reporting procedures by the due date, resulting in AHZ's first milestone payment.

At the end of the integration process, the Company's full-time equivalent staff decreased by 28% to 16%.

On 9 December 2019, the Company also announced LeMaitre's first order for approximately 12,500 units of CardioCel[®] and VascuCel[®] product. The quantity exceeded Admedus' unit sales for the previous 12 months. Admedus retains manufacturing rights for up to three years, with a 20% margin over cost.

AHZ's singular focus is developing novel ADAPT[®] products. The first product is the single-piece ADAPT[®] 3D aortic valve for SAVR and TAVR (surgical and transcatheter aortic valve replacement devices).

On 22 January 2020, Admedus received approval to conduct its first-in-human SAVR trial of its proprietary ADAPT® single-piece 3D aortic valve. Professor Bart Meuris MD, PHD, a renowned Cardiac Surgeon, will conduct the clinical trial at the Leuven University Hospitals in Belgium. The trial is on track to commence in Q1 2020, enrolling 15 patients who will each be followed for six months after implantation. Results are expected between Q1 and Q3 of 2021.

TAVR

Admedus is gearing up for the first animal study of its TAVR system. The Company's singular focus on developing novel ADAPT® based products for global markets is driven by its highly differentiated and clinically superior programme within the SAVR and TAVR space.

The Admedus innovation suite debuted at the world's largest structural heart valve congress, PCR London Valves in the UK last November, generating a positive response amongst an audience of global key opinion leaders, primarily interventional cardiologists and cardiac surgeons.

Admedus' Advisory Board of TAVR physicians and engineers participated in presentations highlighting the key features and benefits AHZ's devices could bring to heart teams and their patients.

Results from the recently completed sheep study of the ADAPT® single-piece 3D aortic valve presented at PCR London Valves showed normal valve function post operatively with no surgical or material failure, low gradient across the valve and overall good clinical status of the animals.

In line with the advancement of the valve program, discussions with potential strategic partners are making progress.

Durability, highlighted further by the low-risk patient data, is becoming the most important issue within the surgical valve device space, positioning the ADAPT® based single-piece 3D valve as a significant innovation.

REVENUE

Revenue was \$2.3M for the quarter (\$4.1M for the PCP). The Infusion business contributed \$0.9M following the division's divestment last May. This final customer contract concludes during Q1 2020 with minimal revenue.

ADAPT® sales were \$1.4M for the quarter, reflecting the CardioCel® and VasculCel® patch business sold to LeMaitre. Going forward, revenues from ADAPT® will relate to manufacturing as well as sales forming part of the 4C Technology Partnership Agreement.

CORPORATE ACTIVITY AND CASHFLOWS

CASH FLOWS

The closing cash and short-term investments balance at 31 December was \$16.1M. For statutory reporting purposes Admedus is required to disclose short-term investments greater

than three months as Other Receivables, as opposed to Cash. As at 31 December Admedus had invested \$7.1M in term deposits, disclosed as Other Receivables.

The closing cash balance of \$9.0M was up \$7.3m, compared with 30 September 2019 and included:

- Operating cash outflows of \$7.1M, including Research and Development of \$0.6M
- Financing cash outflows of \$7.2M relating to investments in term deposits
- Investing cash inflow of \$21.5M, relating to proceeds received from the LeMaitre transaction

The operating cash outflows for the quarter were \$1.5M higher than the estimate provided at 30 September 2019, predominantly due to higher product manufacturing and operating costs as well as additional costs relating to the LeMaitre transaction.

The estimated Q1 2020 operating cash outflow is \$8.4M – refer section 9 below for details.

IN SUMMARY

“We are now moving towards important milestones with the commencement of our first-in-human trial for SAVR and animal study for the TAVR device while continuing discussions with potential strategic partners.

“The balance sheet is greatly improved due to the transformational deal with LeMaitre. I am pleased to see a smooth transition to the new sales model and receipt of our first major manufacturing order,” Admedus Chief Executive Officer, Wayne Paterson, said.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'WP' or similar initials, 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")

31 December 2019

Consolidated statement of cash flows		Current quarter	Year to date
		\$'000	(12 months) \$'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	2,898	18,435
1.2	Payments for		
	(a) research and development	(600)	(3,315)
	(b) product manufacturing and operating costs	(1,893)	(6,620)
	(c) advertising and marketing	(721)	(1,471)
	(d) leased assets		
	(e) staff costs	(4,206)	(21,473)
	(f) administration and corporate costs	(2,471)	(8,891)
1.3	Dividends received	-	-
1.4	Interest received	1	48
1.5	Interest and other costs of finance paid	(60)	(265)
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	(7,052)	(23,552)
2.	Cash flows related to investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(50)	(67)
	(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)	21,519	28,174
	(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	21,469	27,710

Consolidated statement of cash flows		Current quarter	Year to date
		\$'000	(12 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	-	(641)
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 (\$7,137 relates to investments in term deposits disclosed as Other Receivables)	(7,216)	(7,487)
3.10	Net cash from / (used in) financing activities	(7,216)	(7,128)
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	1,747	12,036
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,052)	(23,552)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	21,469	27,710
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7,216)	(7,128)
4.5	Effect of movement in exchange rates on cash held	20	(98)
4.6	Cash and cash equivalents at end of quarter	8,968	8,968
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	\$'000	\$'000
5.1	Bank balances	4,577	1,638
5.2	Call deposits	4,391	109
5.3	Bank overdrafts		
5.4	Other (provide details if material)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,968	1,747

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

537

-

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	(1,305)
9.2	Product manufacturing and operating costs	(673)
9.3	Advertising and marketing	(302)
9.4	Staff costs	(3,709)
9.5	Administration and corporate costs	(1,714)
9.6	Investments	(400)
9.7	Share issuance costs	-
9.8	Other (Capital expenditure)	(264)
9.9	Total estimated cash outflows	(8,367)

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 January 2020

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 (ASX: AHZ)

Admedus Ltd is a structural heart company delivering clinically superior solutions that help healthcare professionals create life-changing outcomes for patients. Its focus is on developing next generation technologies with world class partners.

Authorisation and Additional information

This announcement was authorised by Mr Steve Denaro, Company Secretary.

For more information:

Ms Kyahn Williamson

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