

22 April 2020

ASX ANNOUNCEMENT

QUARTERLY REPORT FOR THE PERIOD TO 31 MARCH 2020

Admedus Limited (ASX:AHZ) (**Admedus** or the **Company**) releases its Appendix 4C – Quarterly Cash Flow report and commentary for the period ended 31 March 2020 (Q1, 2020).

HIGHLIGHTS

- First-In-Human (FIH) SAVR (surgical aortic valve replacement) trial underway, with first patient implanted with the proprietary ADAPT® single-piece 3D aortic valve
- Continued focus on the SAVR TAVR (transcatheter aortic valve replacement) development program
- Licence with 4C Medical Technologies finalised, resulting in \$US1.0M entitlement
- Total revenue of \$2.3M revenue (excluding the above \$US1.0M entitlement), includes manufactured product for LeMaitre Vascular Inc.
- Cash receipts of \$1.7M for the quarter, Cash balance plus short-term investments of \$11.0M

COMMENTARY ON THE QUARTER

In line with its transformation to a structural heart company, Admedus delivered a major milestone this quarter by commencing the first-in-human SAVR trial of its 3D single-piece aortic valve.

On 27 March 2020, the first patient was successfully implanted. Professor Bart Meuris MD, PhD, Chief of Cardiovascular Surgery at the University Hospitals, Leuven, Belgium, performed the surgery. The patient recovered swiftly enough to be discharged within one week. Valve function was as expected, showing improved blood flow, replicating the results observed in the earlier animal study.

Fifteen patients will be enrolled in the trial and observed for six months post-surgery. Results from the study are expected between Q1, 2021 and Q3, 2021, assuming the COVID-19 situation causes minimal delay.

Admedus Limited

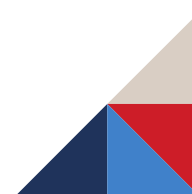
Registered Office:

Level 9, 301 Coronation Drive, Milton, Queensland 4064

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 W: admedus.com



Total quarterly revenue was \$2.3M with manufacturing for LeMaitre Vascular, Inc as the primary source. LeMaitre holds the distribution rights to the CardioCel® and VascuCel® products, and Admedus continues to manufacture these products

Additionally, Admedus recognised \$2.2M as other income relating to contractual obligations from 4C Medical Technologies, Inc. including the recent \$US1.0M associated with the validation of the transfer of the sterilisation method for use with Admedus' ADAPT® tissue. The sterilisation method has been provided to 4C under license.

Admedus advised the impact of COVID-19 to the Company was expected to be minimal. A contingency plan for manufacturing was put in place alongside other risk mitigation strategies. To date, Admedus has not seen any impact on purchase orders from LeMaitre and it continues to supply ADAPT® tissue to 4C.

The Company was pleased to see the enrolment of the first patient in the SAVR trial on schedule. Admedus notes the patients in the study are high-risk, seriously ill patients requiring urgent treatment. The Company is mindful of the significant pressure on hospitals at this time and will continue to monitor the situation closely for potential impact on the trial.

While the major medical and industry conferences Admedus would typically attend for marketing and business development are on hold, the Company continues to engage potential strategic partners. The data generated during the SAVR trial will be central to ongoing discussions.

The ten year anti-calcification data of the ADAPT® tissue combined with the innovative design of Admedus' ADAPT® single-piece 3D aortic valve will create a stronger, more durable alternative to the valves currently in the market which is critical as TAVR is increasingly used in younger, lower-risk patients.

CASH RECEIPTS AND CASH FLOWS

The Company reported cash receipts of \$1.7M for the quarter. The closing cash plus short-term investments balance as at 31 March 2020 was \$11.0M. For statutory accounting purposes Admedus is required to disclose short-term deposits greater than three months as other receivables as opposed to cash. As at 31 March 2020, Admedus had invested \$8.1M in term deposits, disclosed as other receivables.

The closing cash balance of \$3.0M was down \$6.0M, from 31 December 2019, and included:

- Net operating cash outflows of \$6.0M, including ongoing investment in Research and Development of \$0.7M
- Investing cash outflows of \$0.6M relating to a deferred settlement payment on a prior year acquisition
- Financing cash outflow of \$0.1M, relating to lease payments, and
- Impact of FX gains on USD balances of \$0.7M.

Refer to the cashflow section 8 for commentary in relation to the Company's forecast cashflow balances.

CORPORATE ACTIVITY

During the quarter the Company held an extraordinary general meeting resulting in shareholders voting for the approval of a 1:100 share consolidation and the approval of Options to Board members John Seaberg, Wayne Paterson and Stephen Denaro.

IN SUMMARY

“We are very pleased to see the first patient successfully implanted in our milestone SAVR trial and recovering well immediately post-surgery. Our valve is a potential game-changer and the data collected from these patients will give critical insights and be highly valuable in advancing our TAVR program and ongoing discussions with potential strategic partners.

“We are conscious of the impact of COVID-19 on healthcare organisations and businesses around the world. As our products are used to treat seriously ill, high-risk patients this gives us confidence the impact of COVID-19 on enrolment in the trial and sales of our commercial products should be minimal. Of course, we continue to monitor the situation closely and have a business continuity plan in place,” Wayne Paterson, Admedus Chief Executive Officer, said.

Yours faithfully,

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

Wayne Paterson
Chief Executive Office

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 Wayne Paterson, Chief Executive Officer.

For more information:

Ms Kyahn Williamson

WE Communications

E: WE-AUAdmedus@we-worldwide.com

P: +61 401 018 828

www.admedus.com

Twitter: @Admedus

Facebook: www.facebook.com/admedus/

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Admedus Ltd

ABN

35 088 221 078

Quarter ended ("current quarter")

31 March 2020

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	1,744	1,744
1.2 Payments for		
(a) research and development	(743)	(743)
(b) product manufacturing and operating costs	(512)	(512)
(c) advertising and marketing	(288)	(288)
(d) leased assets	-	-
(e) staff costs	(4,627)	(4,627)
(f) administration and corporate costs	(1,542)	(1,542)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	20	20
1.5 Interest and other costs of finance paid	(54)	(54)
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	(6,002)	(6,002)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(224)	(224)
(d) investments	(400)	(400)
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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	(624)	(624)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(83)	(83)
3.10	Net cash from / (used in) financing activities	(83)	(83)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,968	8,968
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,002)	(6,002)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(624)	(624)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(83)	(83)
4.5	Effect of movement in exchange rates on cash held	693	693
4.6	Cash and cash equivalents at end of period	2,952	2,952

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,843	4,577
5.2	Call deposits	109	4,391
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)	2,952	8,968

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

935

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Director fees and CEO remuneration

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	109	109
7.4 Total financing facilities	109	109

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

ANZ financial guarantees - \$109k

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(6,002)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,952
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	2,952
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.49

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

- The cash balance set out above is \$2.952M. However, it should be noted that the company has \$8.1M held on short term deposit with ANZ Bank maturing in May 2020. As this amount was initially placed on deposit for a period of 6 months it did not meet the criteria to be recognised as cash under Australian Accounting Standards and accordingly is not reflected on the balance sheet as such. The Company manages this amount as a cash deposit and if added to the cash balance, the combined balance is \$11.0M.
- The Company does not forecast that the current level of cash used in the current quarter ended 31 March 2020 will continue in subsequent quarters of 2020 as the current quarter included annual staff incentive payments related to the 2019 financial year. Additionally, a reduction in other net operating cash outflows is forecast over the remainder of the year as the Company continues to manage its business expenditure requirements. Also note that the majority of forecast revenue and income for 2020 is based on existing contractual requirements and therefore not considered to have significant downside risk.
- Consequently, the Company is forecasting to have greater than two quarters of available cashflows.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

- The Company has been working to complete the next phase of its recapitalisation plan which includes
 - partnering with third parties in the further development of research and development activities with a non-dilutive capital injection; and
 - if required, the raising of additional debt or equity capital.
- The Company believes that it will be successful in the raising of additional cash to fund the operations based on the discussions and due diligence undertaken to date. Further due diligence and negotiation of key contractual terms are required prior to completion.
- Further details of these plans will be provided as and when required by the ASX Listing Rules.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?


Answer:

- The Company expects that it will be able to continue its operations and to meet its business objectives after considering the following:
 - Significant milestones in the development of the ADAPT[®] technology have been demonstrated through scientific testing and associated findings including human and animal trials, patient outcomes and the sale of commercial products which were produced utilising the ADAPT[®] technology.
 - New products developed utilising the ADAPT[®] technology in particular for transcatheter aortic valve replacement have already achieved significant developmental milestones and is generating significant commercial interest from potential partners to develop these products further
 - On this basis, the Company considers that the recapitalisation plan and business objectives will be successful.

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.

Date: 22 April 2020.....

Authorised by: ..  ..

Wayne Paterson
Chief Executive Officer

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.