

26 April 2019

ASX ANNOUNCEMENT

QUARTERLY REPORT – APPENDIX 4C FOR THE PERIOD TO 31 MARCH 2019

Admedus Limited (ASX:AHZ) (**Admedus** or the **Company**) has today released its Appendix 4C – Quarterly Cash Flow report for the period ended 31 March 2019 (Q1, 2019).

HIGHLIGHTS THIS QUARTER:

- The Company delivered revenue of \$5.1 million for the quarter.
- ADAPT® sales of \$2.6 million for the quarter represents growth of 17% over the previous corresponding period (PCP), driven by growth in the US and Europe.
- The North American ADAPT® business delivered growth of 27% over the (PCP) and included higher contract manufacturing sales under the 4C Technology Partnership Agreement and adoption of the CardioCel® 3D portfolio of products.
- The European ADAPT® business grew 8% over the PCP. Regulatory approvals for the new CardioCel® 3D and Vascel® products were received in March 2019 and first sales of these products have commenced.
- The Infusion division delivered sales of \$2.5 million for the quarter. After adjusting for the termination of the GO Medical contract, sales were down 10% over the PCP but have rebounded early in April 2019 largely attributed to the delay in the receipt of several orders around quarter end.
- The closing cash balance at 31 March 2019 was \$4.6 million, in line with internal cash forecasts.
- Admedus is continuing to progress its recapitalisation plan.
- TAVR development program continues to progress.
- Portfolio and development pipeline continues to advance.

Admedus Limited

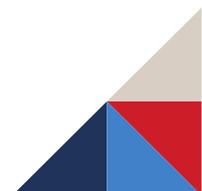
Registered Office:

Suite 302, 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 W: admedus.com



QUARTER CONTINUES TO DELIVER STRONG ADAPT® REVENUE

Admedus delivered revenue of \$5.1 million for the group which was down 18% over the PCP, largely due to a decline in revenue from the Infusion business. ADAPT® sales of \$2.6 million for the quarter represents growth of 17% over the PCP, driven by growth in the US and Europe.

In North America, sales of ADAPT® grew 27% over the PCP and included higher contract manufacturing sales under the 4C Technology Partnership Agreement. In the first full year since the recruitment of a new sales team and launch of the CardioCel® 3D products, the company continues to see adoption of the ADAPT® portfolio of products within the cardiac and peripheral vascular repair market segments.

The European business grew 8% over the PCP. Regulatory approvals for CardioCel® 3D and our next generation collagen bioscaffold VascuCel® for peripheral vascular repair was received and products were launched end of March 2019.

Emerging markets remains a relatively small part of the business with growth mainly driven by steady performance in Australia and New Zealand.

The Infusion business delivered sales of \$2.5 million for the quarter. Sales were down over the PCP reflecting the full impact of the Company's previous announcement regarding the termination of the distribution agreement with GO Medical. In addition, the PCP also featured a spike in orders from a major customer. Sales have rebounded early in April 2019, largely attributed to the delay in the receipt of several orders around quarter end.

The Company continues negotiations to divest the non-core Infusion business. The divestment of the Infusion business is in line with the Company's global strategic growth plans to focus on ADAPT® products.

IMMUNOTHERAPIES

Admedus has announced Constellation Therapeutics Limited (Constellation) gave notice to terminate the share sale agreement with Admedus Investments Pty Ltd (AIPL) and other shareholders in Admedus Vaccines Pty Ltd (AVPL) for the sale of AVPL (the Immunotherapies Transaction). The Immunotherapies Transaction was subject to a number of conditions and there was no certainty it would proceed.

In consideration of Constellation's notice to terminate the Immunotherapies Transaction and no immediate source of funding available for ongoing operations, the Admedus Vaccines board of directors has appointed Peter Anthony Lucas of P A Lucas & Co Pty Ltd as voluntary administrator of Admedus Vaccines pursuant to section 436A of the Corporations Act 2001.

The Immunotherapies Transaction generated no immediate cash receipts for AHZ but was an opportunity to further progress valuable research and improve patient care.

PROMISING DATA SUPPORTS ADVANCEMENT TO IN-HUMAN TRIALS ON TAVR

Significant progress continues to be made in the research and development of the TAVR (transcatheter aortic valve replacement) project which includes ongoing trials and the filing of additional patents. The Company's single piece proprietary ADAPT® 3D aortic valve which is an integral part of the TAVR project has now been implanted into five sheep.

Admedus has announced that interim data from the animal study suggests that the device can be implanted safely and has potential to deliver meaningful clinical benefits. Following the positive findings in this feasibility study, Admedus could initiate a first-in-human clinical trial earlier than expected. In laboratory tests, the Admedus TAVR valves were functional after 400 million cycles, which is equivalent to approximately ten years of human use showing its durability over extended periods. If successful, ADAPT® TAVR would be a breakthrough for patients needing valve replacement as it would be the first and only product with proven resistance to calcification, which is one of the most significant problems that clinicians face.

Admedus attended the American Cardiology Congress (**ACC**) in New Orleans. New data presented at the ACC will expand TAVR usage into new, younger, lower risk patient segments, where benefits of ADAPT® will be even more valuable. Currently, ADAPT® usage is primarily in the paediatric setting. Entering the TAVR market will expand its potential to a much wider patient population - with a market potential to be USD \$12 billion by 2025.

CORPORATE ACTIVITIES AND CASH FLOWS

CASH FLOWS

The closing cash balance at 31 March 2019 was \$4.6 million, which has decreased by \$7.4 million compared to 31 December 2018 and includes the following:

- Operating cash outflow of \$6.4 million, including an ongoing investment in Research & Development of \$0.8 million.
- Investing cash outflow of \$0.4 million, relating to a deferred settlement payment on a prior year acquisition.
- Financing cash outflow of \$0.6 million, relating to remaining transaction costs for the December 2018 rights issue.

The operating cash outflows for the quarter were \$2.2 million lower than the estimate provided at January 2019, due to lower product manufacturing costs and timing of marketing and capital expenditure payments for the group.

The estimated quarter two 2019 operating cash outflow is \$12.6 million – refer section 9 below for details.

KEY APPOINTMENTS

Admedus has appointed Ms Martha Engel as the group's General Counsel. As a registered patent attorney in the US, Ms Engel has over a decade of legal experience providing advice to companies ranging from medical device manufacturers to craft breweries on all aspects of

intellectual property law. She also has a well-rounded legal background on corporate, regulatory, and business transactions.

In addition, Admedus recently promoted Ms Angela Frisinger to Global Head of Human Resources. Ms Frisinger joined Admedus over a year ago bringing with her over 17 years of extensive human resources experience in diverse industries globally with a background in supply chain, operations, sales, marketing and consulting. In Ms Frisinger's past roles, she was a key contributor to M&A activities, employment law and workforce planning. Most recently, she has held key management and operational positions at Cargill, St. Jude Medical and later Abbott.

IN SUMMARY

Chief Executive Officer Wayne Paterson said:

"Admedus is in the midst of a transformation that will result in a company with a significantly improved balance sheet and working capital profile. With our global strategic growth plans in place, our capital management strategy is designed to target opportunities for non-dilutive funding and strip out costs. We continue to make progress towards this outcome."

"We will emerge as a leaner company, singularly focused on development and commercialisation of our ADAPT® portfolio of products. The introduction of the cutting-edge 3D products in the US, and now Europe, reinforces our position as a global player with unique and valuable technologies and products, competing in markets with significant potential."

"We continue to be encouraged by the positive response from our users, and our growing customer base and are pleased that the ADAPT® technology is gaining traction and interests from many global KOLs and third-party stakeholders."

Mr Paterson also noted the importance of the TAVR development program, to the company's overall growth strategy.

"The positive developments in the TAVR program are truly exciting. This is already a major market opportunity and expected to grow even further as TAVR becomes accessible to a wider group of patients. The data we have generated indicates the potential for a meaningfully superior clinical benefit, and we look forward to reporting additional data throughout the course of the year, as our feasibility study progresses, and we embark on additional trials."

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”)

31 March 2019

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	5,973	5,973
1.2	Payments for		
	(a) research and development	(788)	(788)
	(b) product manufacturing and operating costs	(2,014)	(2,014)
	(c) advertising and marketing	(217)	(217)
	(d) leased assets	-	-
	(e) staff costs	(6,948)	(6,948)
	(f) administration and corporate costs	(2,380)	(2,380)
1.3	Dividends received	-	-
1.4	Interest received	31	31
1.5	Interest and other costs of finance paid	(8)	(8)
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	(6,351)	(6,351)
2.	Cash flows related to investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(7)	(7)
	(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	(407)	(407)

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	(555)	(555)
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	(555)	(555)
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	12,036	12,036
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,351)	(6,351)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(407)	(407)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(555)	(555)
4.5	Effect of movement in exchange rates on cash held	(97)	(97)
4.6	Cash and cash equivalents at end of quarter	4,626	4,626
5.	Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'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	4,414	6,622
5.2	Call deposits	212	5,414
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)	4,626	12,036

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**

650

-

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	-	-
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 - \$A108,000

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	523
9.2 Product manufacturing and operating costs	2,718
9.3 Advertising and marketing	653
9.4 Staff costs	5,393
9.5 Administration and corporate costs	3,204
9.6 Investments	-
9.7 Share issuance costs	-
9.8 Other (Capital expenditure)	100
9.9 Total estimated cash outflows	12,591

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: 26 April 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

Website: www.admedus.com

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

Facebook: www.facebook.com/pages/Admedus