

21.01.2019

ASX ANNOUNCEMENT

QUARTERLY REPORT – APPENDIX 4C FOR THE PERIOD TO 31 DECEMBER 2018

Admedus Limited (ASX:AHZ) (**Admedus** or the **Company**) has today released its Appendix 4C – Quarterly Cash Flow report for the period ending 31 December 2018.

HIGHLIGHTS THIS QUARTER:

- A partially underwritten renounceable pro-rata entitlement offer was completed during the Quarter – raising \$19M. Net of underwriting fees and the repayment of a \$5M loan to Star Bright Holdings Limited (**Star Bright**), Admedus received \$12M.
- The Company delivered revenue of \$6.5 million for the quarter.
- ADAPT® sales of \$3 million for the quarter represents growth of 46% over the prior corresponding period (**PCP**), driven by double-digit growth in all regions, and favourable USD foreign exchange movements.
- The North American ADAPT® business delivered growth of 61% over the PCP which included contribution from Admedus' launch of the expanded CardioCel 3D family.
- The European ADAPT® business grew 17% over the PCP.
- The Infusion division delivered sales of \$3.5 million for the quarter. Excluding the impact of the termination of our distribution agreement with GO Medical, the unit grew organically 17% over the PCP.
- The closing cash balance at 31 December 2018 was \$12M, which has increased by \$5.7m compared to 30 September 2018.

Admedus Limited

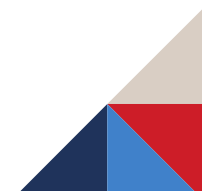
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QUARTER DELIVERS STRONG ADAPT® REVENUE AND MARKET SHARE GROWTH

Admedus delivered revenue of \$6.5 million for the group which is up 3% over the PCP and with strong contribution across the portfolio.

ADAPT® sales of \$3.0M for the quarter represents growth of 46% over the PCP, driven by double-digit growth in all regions. Quarter four is typically a slower quarter overall in the ADAPT® business cycle, however, the growth over the PCP continues to demonstrate momentum as the Company continues to execute its commercial strategy. The North America business delivered growth of 61% over the PCP which included contribution from the Company's launch of the expanded CardioCel 3D family. CardioCel 3D is at the cutting edge of cardiovascular treatments and was launched in February 2018 following a successful user evaluation program.

The European business grew 17% over the PCP, which represents the third consecutive quarter of growth and solidifies the turnaround started at the beginning of the calendar year. The Emerging Markets region also delivered solid double-digit growth of 22% over the PCP. Increases in the USD against the AUD had a favourable impact on revenue.

The Infusion business delivered sales of \$3.5 million for the quarter, which represents a negative growth of 17% compared to the PCP. The performance of the Infusion business this quarter reflects the full impact of the Company's previous announcement regarding the termination of the distribution agreement with GO Medical. Performance during the quarter was consistent with expectations and reflects underlying growth which substantially offsets the impact of the termination of the GO Medical contract. On a like for like comparison removing the GO medical impact, the business grew organically 17% over the PCP.

The Company is currently in negotiations with an external party to divest the non-core Infusion business. The external party is undertaking due diligence however no binding offer has been made and there is no guarantee that a transaction will eventuate.

IMMUNOTHERAPIES

Admedus is continuing with its planned divestiture of the immunotherapies business which involves Star Bright (or a related party of Star Bright) investing \$18M into the business for a 60% stake. An additional \$500,000 advance was received during the quarter from Star Bright (cumulative total of \$1,000,000) which is intended to be offset against the proposed \$18M consideration.

PROGRESS CONTINUES FOR 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. Our strategy to pursue a partnership for this project has also continued to progress. The Company has also submitted an additional four IP applications during Q4 2018. The Company's single piece proprietary ADAPT 3D aortic valve which is an integral part of the TAVR project has now been implanted into four sheep. One valve has been explanted and three valves have been examined by echocardiograph. The valves continue to perform

well in this setting as they move into an extended observational period. The Company expects to observe the animals for several more months and to ultimately move to what will be the first human studies for a single piece 3D valve.

CORPORATE ACTIVITIES AND CASH FLOWS

Recapitalisation

On 28 November 2018 the Company announced a pro rata renounceable partially underwritten entitlement offer.

The offer reflected 5 new fully paid ordinary shares for each 7 shares currently held with an attaching option for each new share issued.

The attached options were listed with an exercise price of \$0.08 and three year exercise period.

Following the close of the offer on 13 December 2018, Admedus issued 237,052,479 new shares and 237,052,479 new options raising gross funds of approximately \$19M. Net of underwriting fees and the repayment of a \$5M loan to Star Bright, Admedus received \$12M.

CASH FLOWS

The closing cash balance at 31 December 2018 was \$12M, which has increased by \$5.7m compared to 30 September 2018 and includes the following:

- Operating cash outflow of \$5.8m, including an ongoing investment in Research & Development of \$1.0m.
- Net cash inflow from financing activities of \$11.7m, driven by the additional shares taken up by the market under the rights issue (net of transaction costs) partly offset by the repayment of the \$5.0M unsecured loan with Star Bright.

The operating cash outflows for the quarter were \$0.5m lower than the estimate provided at October 2018, mainly due to timing of working capital payments partly offset by additional operational consultancy costs incurred.

The estimated quarter one 2019 operating cash outflow is \$15.5m – refer section 9 below for details.

BOARD APPOINTMENTS

Mr Steve Denaro was appointed to the Board of Directors as a Non-Executive Director and Company Secretary, effective 31 October 2018.

Ms Lishan Zhang was appointed to the Board of Directors as a Non-Executive Director on 12 December 2018. Ms Zhang is the Chair of Constellation International Group Holdings Ltd., a Hong Kong based company with multiple interests in the development of new biotechnology assets includes vaccines, nanotechnology, biomedical materials and minimal invasive tumour treatments. She is also Vice-Chair at Guangzhou Hearty-Care Biotechnology Ltd.

Dr Yanheng Wu was appointed to the Board of Directors as a Non-Executive Director on 12 December 2018. Dr Wu is the President and Managing Director of Constellation International Group Holdings Ltd. In 2016, he established Guangzhou Hearty-Care Biotechnology Ltd., a



medical technology company that is now owned by Constellation International Group Holdings Ltd.

OTHER KEY APPOINTMENTS

Admedus has appointed former KPMG partner Matthew McDonnell as its interim CFO. Being highly skilled in governance, managerial finance, technical accounting matters and risk management, Matthew's input will bring enormous advantage to Admedus and its shareholders, as we continue to grow global sales of our ADAPT® portfolio, and advance our product development program.

Dr Kiran Bhirangi was appointed Chief Medical Officer in December 2018 and is responsible for accelerating the research projects that will generate new product launches in key areas as well as coordinating global medical affairs strategies, clinical compliance, global clinical study programs, and developing our clinical publications and scientific presentations strategies. He will also take a leading role in driving TAVR and SAVR projects.

IN SUMMARY

Chief Executive Officer Wayne Paterson said that the result was pleasing and within Company expectations with further focus placed on driving sales momentum across the ADAPT® portfolio and continuing the process of strong market execution globally.

The Company has progressed with its restructure of the Board and Management team and along with the initiatives over the last 12 months to refocus the business on core products, and closely manage costs, the Company is poised to deliver on its turn around objectives. The Company continues to grow the ADAPT® portfolio in line with the 20:20 vision and has added more products into the high margin high value 3D space. The TAVR project has also progressed significantly driven by our engineers and Advisory Board of leading TAVR physicians.

With 2018 behind us we are focussed on 2019 and delivering on key milestones as we further consolidate the business.

Yours faithfully

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 2018

| Consolidated statement of cash flows | | Current quarter | Year to date |
|---|--|-----------------|------------------------|
| | | \$A'000 | (12 months) \$A'000 |
| 1. Cash flows from operating activities | | | |
| 1.1 Receipts from customers | | 6,439 | 28,134 |
| 1.2 Payments for | | | |
| (a) research and development | | (961) | (3,373) |
| (b) product manufacturing and operating costs | | (2,136) | (12,933) |
| (c) advertising and marketing | | (299) | (926) |
| (d) leased assets | | - | - |
| (e) staff costs | | (6,269) | (23,693) |
| (f) administration and corporate costs | | (2,535) | (8,960) |
| 1.3 Dividends received | | | |
| 1.4 Interest received | | 21 | 76 |
| 1.5 Interest and other costs of finance paid | | (104) | (525) |
| 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 | | (5,844) | (22,200) |
| 2. Cash flows related to investing activities | | | |
| 2.1 Payments to acquire: | | | |
| (a) property, plant and equipment | | (91) | (611) |
| (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 | | | |
| (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 | | (91) | (1,011) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--------------------------------------|--|------------------------------------|--|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 18,964 | 35,411 |
| 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 | (2,308) | (3,069) |
| 3.5 | Proceeds from borrowings | - | 5,000 |
| 3.6 | Repayments of borrowings | (5,000) | (10,000) |
| 3.7 | Transaction costs related to loans and borrowings | - | (193) |
| 3.8 | Dividends paid | | |
| 3.9 | Other (provide details if material) | | |
| 3.10 | Net cash from / (used in) financing activities | 11,656 | 27,149 |
| 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 | 6,377 | 8,255 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (5,844) | (22,200) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (91) | (1,011) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 11,656 | 27,149 |
| 4.5 | Effect of movement in exchange rates on cash held | (62) | (157) |
| 4.6 | Cash and cash equivalents at end of quarter | 12,036 | 12,036 |
| 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 | 6,622 | 5,864 |
| 5.2 | Call deposits | 5,414 | 513 |
| 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) | 12,036 | 6,377 |

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**

281

-

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

| |
|--|
| |
|--|

8. Financing facilities available

Add notes as necessary for an understanding of the position

**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.

- The \$5m unsecured loan from Star Bright Holding Ltd (issued in Quarter 3) was repaid in full on 18 December 2018 as part of the funds received from the Rights Issue.

- ANZ Financial guarantees - \$108k

9. Estimated cash outflows for next quarter

\$A'000

9.1 Research and development

958

9.2 Product manufacturing and operating costs

2,791

9.3 Advertising and marketing

712

9.4 Leased assets

-

9.5 Staff costs

7,188

9.6 Administration and corporate costs

2,550

9.7 Other (Investments, share issuance costs and capital expenditure)

1,295

9.8 **Total estimated cash outflows**

15,494

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: 21 January 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:

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