ANTERIS TECHNOLOGIES LTD (formerly ADMEDUS LTD)
ABN 35 088 221 078

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
30 JUNE 2020

ANTERIS TECHNOLOGIES LTD
ABN 35 088 221 078

REGISTERED OFFICE:
Level 3, 9 Sherwood Road
Toowong, Queensland, 4066

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DIRECTORS' REPORT

DIRECTORS

The Directors of the Company in office during the whole of the half-year and until the date of this report are as follows:

- John Seaberg
- Wayne Paterson
- Stephen Denaro
- Dr Wenyi Gu
- Dr Yanheng Wu

PRINCIPAL ACTIVITIES

During the period, the principal activities of the Group consisted of:

- The manufacturing and sale of proprietary ADAPT® regenerative tissue products globally; and
- Continued research and development of regenerative medicine.

OPERATING RESULT

The operating result for the period:

	CONSOLIDATED	
	30-Jun 2020 $	30-Jun 2019 $
Loss before Income Tax	**(5,970,032)**	(11,916,566)
Income Tax (Expense)/Benefit	-	-
Loss for the Year	**(5,970,032)**	(11,916,566)

DIVIDENDS

No dividend was paid during the period and the Board has not recommended the payment of a dividend.

SHARE CAPITAL

5,910,304 ordinary shares, 2,370,648 listed options, 542,186 unlisted options and 105,688 unlisted warrants were on issue as at 30 June 2020.

OPERATING AND FINANCIAL REVIEW

Group Overview

Anteris Technologies Ltd (formerly Admedus Ltd) is a structural heart company focused on delivering clinically superior solutions that create life-changing outcomes for patients. Its ADAPT® tissue platform, a next generation technology with zero DNA and zero glutaraldehyde, is the only bioscaffold to demonstrate zero calcification after 10 years of use in complex cardiac surgery. With these advantages, Anteris' best-in-class ADAPT® tissue combined with the unique design of its DurAVR™ valve, has the potential to solve the problems associated with current aortic valve replacement options which is to create a long-term durable solution that prevents valve degradation.

Review of Operations

- *Positive data and progress of ADAPT® and the TAVR development program*

Anteris continued to generate positive data and insights from pre-clinical studies focussed on its DurAVR™ 3D single-piece aortic valve development. In the first-in-human SAVR trial, the four patients successfully implanted to date demonstrated improved valve function and blood flow. Results from the study of 15 patients are expected between Quarter 1, 2021 and Quarter 3, 2021.

Anteris commenced an early TAVR animal study in the June 2020 quarter. This first feasibility study aims to confirm DurAVR™ valve deployment and anchoring as well as provide further insights into the valve's function and performance. The study is expected to finish by year end.

In May 2020, Anteris initiated an anti-calcification comparison study against a currently marketed TAVR valve material to highlight the superiority of ADAPT® tissue in addressing calcification issues of commercial (bovine and porcine) AVR valves, a leading cause of valve deterioration. Study results will be available in Quarter 4 2020 or Quarter 1 2021.

These studies are important steps towards the next phase of development and the pathway towards commercialisation.

OPERATING AND FINANCIAL REVIEW (continued)
Review of Operations (continued)

- *Profit and loss review*

Revenue from ordinary activities for the six months ended 30 June 2020 was $3,949,633 (six months ended 30 June 2019: $10,702,248). The reduction reflects the impact of the sale of the distribution rights of CardioCel® and VascuCel® to LeMaitre Vascular Inc. in October 2019 plus the wind down of the Infusion segment.

Other income of $3,264,177 was recognised, including licence income of $2,157,627 (six months ended 30 June 2019: Nil) relating to contractual obligations from 4C Medical Technologies, Inc. associated with the validation of the transfer of the sterilisation method for use with Anteris' ADAPT® tissue. The sterilisation method has been provided to 4C under license.

Gross profit for the Group for the 6 months to 30 June 2020 was $817,845 representing a gross profit margin of 21%. The margin primarily reflects the manufacturing contract with LeMaitre Vascular Inc. and the wind down of the Infusion segment.

Selling, general and administrative expenses were $10,553,877 for the 6 months to 30 June 2020, a reduction from the prior corresponding period of $17,210,328 for the 6 months to 30 June 2019. This is primarily driven by lower employee, travel and conference costs due to a significant reduction in global headcount, the prior period impairment of the Admedus Vaccines intangibles, and favourable foreign exchange movements over the 6 months.

The loss for the Group after providing for income tax for the half year ended 30 June 2020 was $5,970,032 compared to the prior period loss for the 6 months to 30 June 2019 of $11,916,566.

Financial Position

The closing cash position for the period was $6,895,651, down from $8,968,389 at 31 December 2019. Net working capital (current assets less current liabilities) decreased by $6,500,890 compared to 31 December 2019.

Cash Flow

The net cash outflow during the period was $2,516,746 reflecting:

- Operating cash outflows of $9,210,675 which included $2,215,459 for research and development expenditure for ADAPT® and the TAVR project, and was partly offset by an Australian government R&D tax incentive receipt of $734,899.
- Investing cash inflows of $6,868,311 reflecting the maturity of a term deposit (that did not meet the accounting definition of cash and cash equivalents), and partly offset by a deferred settlement payment in relation to the Regen acquisition and payments for plant and equipment.
- Financing cash outflows of $174,382, reflecting lease payments primarily related to property.

Operating segments

Following the restructuring of the core activities of the Group in 2019 including the partial sale and subsequent wind down of activities of the Infusion business, the sale of distribution rights of ADAPT® CardioCel and VascuCel products to LeMaitre Vascular Inc. and the liquidation of Admedus Vaccines, the operating segments of the business have changed. Management have concluded that activities of the business fall into two segments for the 2020 year:

- Operations - Bio implant ADAPT® operations; inclusive of manufacturing and sales;
- Projects – Transcatheter Aortic Valve Replacement (TAVR) using ADAPT® 3D technology plus other development projects across the Group; and the wind down of the Infusion segment (following the partial divestment of the business in May 2019 and subsequent novation of contracts in February 2020).

2019 comparative balances have been restated to fit into the new segmental structure.

DIRECTORS' REPORT (continued)

EVENTS OCCURRING AFTER THE REPORTING PERIOD

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the group, the results of those operations, or the state of affairs of the Group, in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached.

This report is made in accordance with a resolution of the Directors.

John Seaberg
Chairman

Dated 20 August 2020

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Anteris Technologies Limited for the half-year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
20 August 2020

B G McVeigh
Partner

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE HALF YEAR ENDED 30 JUNE 2020

	Note	CONSOLIDATED	
		30 JUNE 2020 $	30 JUNE 2019 $
Revenue from continuing operations	7	**3,949,633**	10,702,248
Cost of sales		**(3,131,788)**	(5,956,917)
Gross profit		**817,845**	4,745,331
Other income	7	**3,264,177**	5,172,484
Foreign exchange gain/(loss)		**1,078,274**	(114,423)
Employee benefits	8	**(5,026,014)**	(10,454,105)
Consultancy and legal fees		**(1,455,809)**	(1,565,709)
Travel and conference expenses		**(173,535)**	(1,091,424)
Research and development costs		**(2,070,239)**	(1,556,629)
Share based payments	8, 17	**(208,690)**	(452,004)
Depreciation and amortisation expense	8	**(380,778)**	(841,790)
Finance costs	8	**(252,828)**	(225,860)
Promotion expenses		**(364,935)**	(511,687)
Fair value movement of warrant		**57,155**	154
Impairment of intangible assets	8	**-**	(3,442,134)
Other expenses		**(1,254,655)**	(1,578,770)
Loss before income tax from continuing operations		**(5,970,032)**	(11,916,566)
Income tax (expense)/benefit	9	**-**	-
Loss after income tax for the period		**(5,970,032)**	(11,916,566)
Total loss is attributable to:			
Equity holders of Anteris Technologies Ltd		**(5,970,032)**	(11,554,857)
Non-controlling interest		**-**	(361,709)
		(5,970,032)	(11,916,566)
Loss per share from continuing operations attributable to ordinary equity holders of the Company (cents per share)		**Cents**	**Cents**
Basic loss per share		**(101.0)**	(195.9)[(1)]
Diluted loss per share		**n/a**	n/a

The above Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

(1) Restated for the effects of consolidation of shares. Refer to note 18.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2020

		CONSOLIDATED	
	Note	**30 JUNE 2020 $**	30 JUNE 2019 $
Loss for the period		**(5,970,032)**	(11,916,566)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(434,265)**	(26,387)
Other comprehensive income for the period, net of tax		**(434,265)**	(26,387)
Total comprehensive loss		**(6,404,297)**	(11,942,953)
Total comprehensive loss is attributable to:			
Equity holders of Anteris Technologies Ltd		**(6,404,297)**	(11,581,244)
Non-controlling interest		-	(361,709)
		(6,404,297)	(11,942,953)

The above Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	CONSOLIDATED 30 JUNE 2020 $	31 DECEMBER 2019 $
ASSETS			
Current Assets			
Cash and cash equivalents		**6,895,651**	8,968,389
Trade and other receivables		**4,286,035**	9,801,933
Inventories		**1,253,225**	1,812,485
Total Current Assets		**12,434,911**	20,582,807
Non-Current Assets			
Other receivables		**772,101**	729,681
Property, plant & equipment	10	**1,579,039**	1,590,132
Right-of-use assets	11	**1,272,553**	1,401,798
Intangible assets	12	**1,557,950**	1,699,391
Total Non-Current Assets		**5,181,643**	5,421,002
TOTAL ASSETS		**17,616,554**	26,003,809
LIABILITIES			
Current Liabilities			
Trade and other payables		**3,068,343**	4,921,154
Provisions		**562,041**	528,099
Lease liabilities	13	**375,389**	340,204
Deferred consideration		**400,000**	400,000
Borrowings	14	**1,249,319**	1,112,641
Total Current Liabilities		**5,655,092**	7,302,098
Non-Current Liabilities			
Lease liabilities	13	**1,041,120**	1,164,372
Financial liability - warrant		**946,270**	1,003,425
Provisions		**634,621**	602,691
Deferred consideration		-	396,165
Total Non-Current Liabilities		**2,622,011**	3,166,653
TOTAL LIABILITIES		**8,277,103**	10,468,751
NET ASSETS		**9,339,451**	15,535,058
EQUITY			
Contributed equity	18	**137,757,528**	137,757,528
Reserves		**(2,949,999)**	(2,724,424)
Accumulated losses		**(125,468,078)**	(119,498,046)
TOTAL EQUITY		**9,339,451**	15,535,058

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2020

	Share Capital	Share-based payments reserve	Other Reserves	Foreign currency translation reserve	Accumulated Losses	Total	Non-controlling Interest	Total Equity
	$	$	$	$	$	$	$	$
Balance at 1 January 2019	137,737,211	4,976,365	(7,243,027)	(674,726)	(113,678,373)	21,117,450	361,709	21,479,159
Loss for the period	-	-	-	-	(11,554,857)	(11,554,857)	(361,709)	(11,916,566)
Exchange translation differences	-	-	-	(26,387)	-	(26,387)	-	(26,387)
Total comprehensive loss	-	-	-	(26,387)	(11,554,857)	(11,581,244)	(361,709)	(11,942,953)
Transactions with owners in their capacity as owners								
Shares issued during the period	137	-	-	-	-	137	-	137
Capital raising costs	(43,990)	-	-	-	-	(43 ,990)	-	(43,990)
Share-based payments	-	452,004	-	-	-	452,004	-	452,004
Balance at 30 June 2019	137,693,358	5,428,369	(7,243,027)	(701,113)	(125,233,230)	9,944,357	-	9,944,357
Balance at 1 January 2020	137,757,528	5,337,164	(7,243,027)	(818,561)	(119,498,046)	15,535,058	-	15,535,058
Loss for the period	-	-	-	-	**(5,970,032)**	**(5,970,032)**	-	**(5,970,032)**
Exchange translation differences	-	-	-	**(434,265)**	-	**(434,265)**	-	**(434,265)**
Total comprehensive loss	-	-	-	**(434,265)**	**(5,970,032)**	**(6,404,297)**	-	**(6,404,297)**
Transactions with owners in their capacity as owners								
Shares issued during the period	-	-	-	-	-	-	-	-
Capital raising costs	-	-	-	-	-	-	-	-
Share-based payments	-	**208,690**	-	-	-	**208,690**	-	**208,690**
Balance at 30 June 2020	**137,757,528**	**5,545,854**	**(7,243,027)**	**(1,252,826)**	**(125,468,078)**	**9,339,451**	**-**	**9,339,451**

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2020

	Note	CONSOLIDATED	
		30 JUNE 2020 $	30 JUNE 2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**3,779,908**	10,105,419
Payments to suppliers		**(13,913,020)**	(23,098,793)
R&D tax incentive refund		**734,899**	-
Gain on derivatives		**154,495**	-
Government grants		**50,000**	-
Interest paid		**(111,996)**	(140,251)
Interest received		**95,039**	40,469
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		**(9,210,675)**	(13,093,156)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		**(240,715)**	(14,860)
Payments to acquire investments		**(400,000)**	(400,000)
Proceeds from maturity of term deposits		**7,508,636**	-
Proceeds from partial sale of Infusion business including working capital receipts		**-**	6,274,179
Proceeds from sale of property, plant and equipment		**390**	3,400
NET CASH INFLOW FROM INVESTING ACTIVITIES		**6,868,311**	5,862,719
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share or options issues		**-**	137
Share issue transaction costs		**-**	(640,562)
Proceeds from borrowings		**-**	1,000,000
Payment of lease liabilities		**(174,382)**	(138,057)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES		**(174,382)**	221,518
NET DECREASE IN CASH HELD		**(2,516,746)**	(7,008,919)
CASH AT BEGINNING OF THE PERIOD		**8,968,389**	12,036,301
Effect of Exchange rate fluctuations on cash held		**444,008**	(140,841)
CASH AT END OF THE PERIOD		**6,895,651**	4,886,541

The above half year Condensed Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

1. REPORTING ENTITY

Anteris Technologies Ltd (formerly known as Admedus Ltd) (the "Company") is a company domiciled in Australia. The consolidated interim financial statements as at and for the half year ended 30 June 2020 comprise the Company and its controlled entities (the "Group"). For the purpose of preparing the interim financial statements, the Company is a for-profit entity.

The consolidated financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of derivatives which have been measured at fair value through profit or loss.

The consolidated financial statements of the Group as at and for the period ended 31 December 2019 are available upon request from the Company's registered office at Level 3, 9 Sherwood Rd Toowong Qld 4066 or at www.anteristech.com.

2. STATEMENT OF COMPLIANCE

The condensed consolidated interim financial report for the half-year reporting period ended 30 June 2020 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The condensed consolidated interim financial report does not include all the information required for a complete set of annual financial statements and should be read in conjunction with the financial statements for the year ended 31 December 2019 and any public announcements made by the Company during the half-year period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The consolidated interim financial statements were approved by the Board of Directors on 20 August 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

Government Grants

Government grants including a Research and Development Tax incentive and Covid-19 incentives are recognised at fair value in the profit or loss where there is a reasonable assurance that the tax incentive will be received.

The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those adopted and disclosed in the Group's financial statements for the year ended 31 December 2019. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

Standards and Interpretations in issue not yet adopted

The Directors have reviewed all Standards and Interpretations in issue not yet adopted for the period ended 30 June 2020. As a result of this review, the Directors have determined that there is no material impact of the Standards and Interpretations on issue not yet adopted by the Company, and therefore, no change is necessary to Group accounting policies.

4. ESTIMATES AND JUDGEMENTS

In preparing these consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements of the Group as at and for the year ended 31 December 2019.

Intangibles
The Group performed an impairment assessment at reporting date for the ADAPT® cash generating unit, with no impairment arising as at 30 June 2020.

5. GOING CONCERN

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and discharges of liabilities in the ordinary course of business.

As disclosed in the financial statements, the Group incurred a net loss of $5,970,032 and had net cash outflows from operating activities of $9,210,675 for the six-month period ended 30 June 2020. As at that date, the Group had a cash balance of $6,895,651. The net working capital at 30 June 2020 was $6,779,819.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- Retention of the manufacturing rights of ADAPT®'s CardioCel® and VascuCel® products for up to three years from October 2019 which includes a 20% margin over production costs.
- Continued product innovation led by the TAVR programme and other large market opportunities that are at varying stages of design development, regulatory clearance and user evaluation.
- New possible partnerships and alliances for TAVR products.
- Monitoring, containing and if required deferring operational costs, including R&D costs and capital expenditures.
- The Company has an established track record of successfully raising new capital and debt facilities.

Notwithstanding the above factors, should the options above not be subsequently available to the Company, there are material uncertainties as to whether the Company and the Group will be able to continue as a going concern and therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company and Group not continue as a going concern.

6. SEGMENT REPORTING

(a) Description of segments

Segment information is presented using a management approach, i.e. segment information is provided on the same basis as information as used for internal reporting purposes by the chief operating decision maker ("CODM", being the CEO that makes key strategic decisions). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Following the restructuring of the core activities of the Group in 2019 including the partial sale and subsequent wind down of activities of the Infusion business, the sale of distribution rights of ADAPT® CardioCel and VascuCel products to LeMaitre Vascular and the liquidation of Admedus Vaccines the operating segments reviewed by the CODM have changed. Management have concluded that activities of the business, as reviewed by the CODM, fall into two segments for the 2020 year:

- Operations - Bio implant ADAPT® operations; inclusive of manufacturing and sales;
- Projects – Transcatheter Aortic Valve Replacement (TAVR) using ADAPT® 3D technology (project includes research and development activities, regulatory and medical review, legal considerations and marketing); other development projects across the Group; and the wind down of the Infusion segment (following the partial divestment of the business in May 2019 and subsequent novation of contracts in February 2020).

2019 comparative balances have been restated to fit into the new segmental structure.

6. SEGMENT REPORTING (CONTINUED)

Segment information

	Operations		Projects		Total	
	30 JUNE 2020 $	30 JUNE 2019 $	**30 JUNE 2020 $**	30 JUNE 2019 $	**30 JUNE 2020 $**	30 JUNE 2019 $
Total segment revenue[1 2]	**3,092,036**	5,713,811	**857,597**	4,988,437	**3,949,633**	10,702,248
Segment profit/(loss)[3]	**1,104,309**	(6,213,053)	**(6,302,904)**	(581,626)	**(5,198,595)**	(6,794,679)
Depreciation & amortisation	**125,755**	564,578	**219,304**	235,849	**345,059**	800,427

	Operations		Projects		Total	
	30 JUNE 2020 $	31 DECEMBER 2019 $	**30 JUNE 2020 $**	31 DECEMBER 2019 $	**30 JUNE 2020 $**	31 DECEMBER 2019 $
Segment assets	**7,806,137**	7,195,577	**2,914,766**	2,703,103	**10,720,903**	9,898,680
Segment liabilities	**2,515,173**	6,743,728	**3,566,341**	1,608,957	**6,081,514**	8,352,685

(1) Operations segment revenue was earned in the following regions, Australia $2,866,337, North America $225,699 (2019: North America: $4,057,888, Europe: $1,187,711 and Emerging Markets: $468,212)
(2) All projects revenue relates to the Infusion business in Australia that was previously disclosed as a separate segment.
(3) Infusion profit for the half-year ended 30 June 2019 was $2,839,490.

(b) Other segment information

(i) Segment result

The reconciliation of segment information to loss before income tax is as follows:

	CONSOLIDATED	
	30 JUNE 2020 $	30 JUNE 2019 $
Segment loss	**(5,198,595)**	(6,794,679)
Unallocated:		
Corporate and administration expenses	**(771,437)**	(2,201,253)
Immunotherapies *	**-**	(2,920,634)
Loss before income tax from continuing operations	**5,970,032**	11,916,566

Sales between segments are carried out at arm's length and are eliminated on consolidation.

* The company has previously reported the Immunotherapies business (Admedus Vaccines) as a separate segment at 31 December 2018. Following the termination of the share sale agreement for Admedus Vaccines in April 2019, and with no other immediate source of funding available for ongoing operations, the Admedus Vaccines Pty Ltd board of directors appointed an administrator pursuant to section 436A of the Corporations Act 2001. Admedus Vaccines was subsequently placed into liquidation in June 2019. Consequently, it was deemed Immunotherapies no longer met the definition of a reportable segment. The amount reported within segment losses for Immunotherapies in the prior period has been included in the reconciliation above.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

6. SEGMENT REPORTING (CONTINUED)

(ii) Depreciation and amortisation

	CONSOLIDATED	
	30 JUNE 2020 $	30 JUNE 2019 $
Segment loss	**(345,059)**	(800,427)
Unallocated:		
Depreciation related to corporate and administration	**(35,719)**	-
Immunotherapies	-	(41,363)
Loss before income tax from continuing operations	**(380,778)**	(841,790)

(iii) Segment assets and liabilities

Segment assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by the segment and consist primarily of trade and other receivables, property, plant and equipment and intangible assets. Segment liabilities consist primarily of trade and other creditors and provisions.

Reportable segment assets reconciled to total assets as follows:

	CONSOLIDATED	
	30 JUNE 2020 $	31 DECEMBER 2019 $
Segment assets	**10,720,903**	9,898,680
Intersegment eliminations	**-**	-
Unallocated:		
Cash and cash equivalents	**6,895,651**	8,968,389
Term deposits (disclosed in trade receivables and other financial assets)	-	7,136,740
Total assets per the statement of financial position	**17,616,554**	26,003,809

Reportable segment liabilities reconciled to total liabilities as follows:

	CONSOLIDATED	
	30 JUNE 2020 $	31 DECEMBER 2019 $
Segment liabilities	**6,081,514**	8,352,685
Intersegment eliminations	**-**	-
Unallocated:		
Borrowings	**1,249,319**	1,112,641
Financial liability - warrant	**946,270**	1,003,425
Total liabilities per the statement of financial position	**8,277,103**	10,468,751

7. REVENUE AND OTHER INCOME

	CONSOLIDATED	
	30 JUNE 2020 $	30 JUNE 2019 $
Revenue from continuing operations		
Sale of goods		
At a point in time	**3,949,633**	10,702,248
Other income		
Gain on sale of part of Infusion business[1]	**-**	4,626,403
Licence income[2]	**2,157,627**	-
Government grants[3]	**784,899**	-
Investment fee	**-**	500,000
Income from derivatives	**154,495**	-
Interest income[4]	**137,460**	40,470
Sundry income	**29,696**	5,611
Total other income	**3,264,177**	5,172,484

(1) On 13 May 2019 the Company announced to the ASX that it had entered into an agreement to sell part of its Infusion business to BTC Speciality Health Pty Ltd, a wholly owned subsidiary of BTC Health Limited (ASX: BTC) for $6.3 million including working capital proceeds. The sale was completed on 31 May 2019. The gain on sale reflects the proceeds less the net assets and liabilities transferred to BTC. Assets and liabilities transferred included inventory, IT equipment and employee entitlements.

(2) Relates to contractual obligations from 4C Medical Technologies, Inc. including USD1.0m associated with the validation of the transfer of the sterilisation method for use with Anteris' ADAPT® tissue and USD 440,000 for contractual progress payments previously received. The sterilisation method has been provided to 4C under license.

(3) Government grants consist of Research and Development Tax Incentive $734,899 (2019: $nil) and covid-19 incentives $50,000 (2019: $nil).

(4) Interest income includes $94,016 (2019: $14,143) in relation to cash held on term deposits.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

8. EXPENSES

	CONSOLIDATED	
	30 JUNE 2020 $	30 JUNE 2019 $
Depreciation and amortisation		
Depreciation of Property, Plant and Equipment	**248,116**	473,944
Depreciation of Right-of-use Assets	**219,950**	185,322
Amortisation	**141,441**	182,524
Depreciation and amortisation reallocated to cost of sales and inventory	**(228,729)**	-
	380,778	841,790
Impairment of intangible assets [1]	-	3,442,134
Employment benefits[2]		
Remuneration and on-costs	**4,676,092**	9,799,441
Superannuation expense	**122,511**	430,359
Other employee benefits	**227,411**	224,305
	5,026,014	10,454,105
Share based payments	**208,690**	452,004
Operating lease rental expense	**73,301**	105,635
Finance costs[2]		
Interest and finance charges paid/payable	**127,443**	60,220
Interest expense on lease liabilities	**58,685**	125,250
Amortisation of loan transactions costs	**62,074**	20,691
Unwind discount on non-current liabilities	**4,626**	19,699
	252,828	225,860

(1) Following the termination of the share sale agreement for Admedus Vaccines in April 2019, the intangible assets of Admedus Vaccines were impaired, resulting in a charge of $3,442,134 for the half year ended 30 June 2019. The Admedus Vaccines Pty Limited Board of Directors subsequently appointed an administrator pursuant to section 436A of the Corporations Act 2001 and the subsidiary's net assets and non-controlling interest were deconsolidated at this point.

(2) Net costs after reallocation of costs of production to cost of sales and inventory.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

9. INCOME TAX

	CONSOLIDATED	
	30 JUNE 2020 $	30 JUNE 2019 $
(a) Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss from continuing operations before income tax expense	**(5,970,032)**	(11,916,566)
Tax expense/(benefit) at the Australian tax rate of 26.0% (30 June 2019: 27.5%)	**(1,552,208)**	(3,277,056)
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:		
Share based payments	**54,259**	124,301
Write off of Vaccines intangibles	**-**	946,587
Sundry items – net (non-assessable)/non-deductible	**158,249**	(35,378)
Recognition of previously unrecognised losses	**-**	(1,272,261)
Subtotal	**(1,339,700)**	(3,513,807)
Adjustment for difference in foreign tax rates	**148,756**	454,288
Total tax expense/(benefit)	**(1,190,944)**	(3,059,519)
Deferred tax – current period benefits not recognised	**(1,190,944)**	(3,059,519)
Deferred tax – reversal of prior period temporary differences	**-**	-
Income tax expense/(benefit)	**-**	-

10. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		
	Plant and equipment $	**Software $**	**Total $**
At 31 December 2019			
Cost	5,298,968	1,760,537	7,059,505
Accumulated depreciation	(3,588,218)	(844,640)	(4,432,858)
Impairment*	(148,494)	(888,021)	(1,036,515)
Net book amount	1,562,256	27,876	1,590,132
Half-year ended 30 June 2020			
Opening net book amount	1,562,256	27,876	1,590,132
Additions	240,715	-	240,715
Disposals	(7,073)	-	(7,073)
Depreciation charge	(231,820)	(16,296)	(248,116)
Exchange rate differences	3,381	-	3,381
Closing net book amount	1,567,459	11,580	1,579,039
At 30 June 2020			
Cost	4,994,168	97,775	5,091,943
Accumulated depreciation	(3,426,709)	(86,195)	(3,512,904)
Net book amount	1,567,459	11,580	1,579,039

*Software and plant and equipment that was impaired as at 31 December 2019 was written off during the current period.

11. RIGHT OF USE ASSETS

	CONSOLIDATED			
	Property $	**IT equipment $**	**Motor vehicles $**	**Total $**
At 31 December 2019				
Cost	1,678,300	115,265	-	1,793,565
Accumulated depreciation	(342,635)	(49,132)	-	(391,767)
Net book amount	1,335,665	66,133	-	1,401,798
Half-year ended 30 June 2020				
Opening net book amount	1,335,665	66,133	-	1,401,798
Additions	-	-	75,249	75,249
Disposals	-	-	-	-
Depreciation charge	(185,079)	(26,510)	(8,361)	(219,950)
Exchange rate differences	13,686	1,770	-	15,456
Closing net book amount	1,164,272	41,393	66,888	1,272,553
At 30 June 2020				
Cost	1,694,121	115,416	75,249	1,884,786
Accumulated depreciation	(529,849)	(74,023)	(8,361)	(612,233)
Net book amount	1,164,272	41,393	66,888	1,272,553

12. INTANGIBLE ASSETS

	CONSOLIDATED		
	Patents $	**Intellectual property $**	**Total $**
At 31 December 2019			
Cost	671,817	3,500,000	4,171,817
Accumulated amortisation	(376,683)	(2,095,743)	(2,472,426)
Net book amount	295,134	1,404,257	1,699,391
Half-year ended 30 June 2020			
Opening net book amount	295,134	1,404,257	1,699,391
Amortisation	(16,749)	(124,692)	(141,441)
Closing net book amount	278,385	1,279,565	1,557,950
At 30 June 2020			
Cost	671,817	3,500,000	4,171,817
Accumulated amortisation	(393,432)	(2,220,435)	(2,613,867)
Net book amount	278,385	1,279,565	1,557,950

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

13. LEASE LIABILITIES

	CONSOLIDATED			
	Property $	**IT equipment $**	**Motor vehicles $**	**Total $**
At 31 December 2019				
Current lease liabilities	298,512	41,692	-	340,204
Non-current lease liabilities	1,134,544	29,828	-	1,164,372
Total	1,433,056	71,520	-	1,504,576
Half-year ended 30 June 2020				
Opening net value at 1 Jan	1,433,056	71,520	-	1,504,576
Additions	-	-	75,249	75,249
Disposals	-	-	-	-
Principal repaid	(143,060)	(26,804)	(4,518)	(174,382)
Exchange rate differences	10,902	164	-	11,066
Closing net book amount	1,300,898	44,880	70,731	1,416,509
At 30 June 2020				
Current lease liabilities	332,540	29,296	13,553	375,389
Non-current lease liabilities	968,358	15,584	57,178	1,041,120
Total	1,300,898	44,880	70,731	1,416,509

14. BORROWINGS

Financial liabilities - borrowings

	CONSOLIDATED	
	30 JUNE 2020 $	31 DECEMBER 2019 $
Borrowings – non-current	**1,290,702**	1,216,098
Capitalised borrowing costs	**(41,383)**	(103,457)
	1,249,319	1,112,641

On 8 May 2019 the Company entered into a facility agreement with Sio Partners, LP (Sio) for a secured debt facility of $1 million. The facility runs for a term of 18 months and is charged an interest rate of 12% per annum, compounded on a monthly basis and added to the loan balance. The facility incurred a one-off fee of $125,000 which has been capitalised to the loan. The principal interest and facility fee are all repayable on maturity of the loan. If shareholder approval is obtained, the outstanding balance may at Sio's election by notice provided to the Company no later than 3 months prior to maturity be converted to ordinary shares in the Company. At an EGM held on 26 February 2020 shareholders did not approve the resolution to convert the loan into an issue of new ordinary shares.

15. FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities and their levels in the fair value hierarchy are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The definition of the fair value levels are the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2019.

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Consolidated – 30 June 2020				
Liabilities				
Warrant	**-**	**946,270**	-	**946,270**
Total liabilities	**-**	**946,270**	-	**946,270**
Consolidated – 31 December 2019				
Liabilities				
Warrant	-	1,003,425	-	1,003,425
Total liabilities	-	1,003,425	-	1,003,425

The warrant is valued using a Black-Scholes model and a discounted cashflow methodology.

16. CONTINGENT LIABILITIES

There were no changes in contingent liabilities in relation to the current reporting period.

17. SHARE BASED PAYMENTS

(a) Employee Share Option Plan

On 20 March 2020 following approval by shareholders at the Extraordinary General Meeting on 26 February 2020, the Company granted 350,000 options to Wayne Paterson (CEO), 60,000 options to John Seaberg (Chairman) and 25,000 options to Stephen Denaro (Non-Executive Director and Company Secretary) at an exercise price of $11.20. These options are subject to the achievement of performance hurdles and will only vest on the completion of at least 12, 18 and 24 months service and corresponding increases in the Company's share price to $16.80, $22.40 and $33.60 respectively. If share price hurdles have not been achieved within at least 36 months, the Board of Directors can exercise discretion to extend this for an additional period of up to 12 months.

The Anteris Employee Incentive Plan (EIP) was approved by shareholders at the 2017 Annual General Meeting and again at the 2020 Annual General Meeting. Eligible employees can participate in the Plan. The Company granted 4,250 staff options over ordinary shares in the Company under the EIP during the six months to 30 June 2020 (six months to 30 June 2019: 4,783,831). These were split as follows:

- the Company granted 3,750 options at an exercise price of $3.50.
- the Company granted 500 options at an exercise price of $7.58.

19,944 options were cancelled or lapsed during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

17. SHARE BASED PAYMENTS (continued)

(b) Fair Value of Options Granted

The fair value of options awarded to employees under the EIP is determined at grant date using a Black-Scholes option pricing model that considers the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Due to the performance conditions attached to the options awarded to directors and approved by shareholders at the Extraordinary General Meeting on 26 February 2020, the fair value of options under the EIP is determined at grant date under the Monte Carlo simulation model.

All tranches of options are granted for no consideration and vest in three equal tranches on the anniversary date of either the grant date or the employment start date based on the holder still being employed by Anteris Technologies Ltd over a three-year period. Vested options are exercisable for a period up to the expiry date. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

18. CONTRIBUTED EQUITY

	SHARES		$	
	30-Jun 2020	31-Dec 2019	**30-Jun 2020**	31-Dec 2019
(a) Share Capital				
Ordinary shares				
Fully paid	**5,910,304**	590,842,803	**137,757,528**	137,757,528

	Date	Notes	No. shares	Issue Price	$
(a) Movements in Share Capital					
Details					
Balance	**31-12-19**		590,842,803		137,757,528
Effect of 1:100 consolidation of shares			(584,932,499)		-
Balance	**30-06-20**		**5,910,304**		**137,757,528**

On 26 February 2020 the Company held an Extraordinary General Meeting at which shareholders passed a resolution for the consolidation of every 100 securities into one new security. In the event that a multiple of pre-consolidation shares was not divisible by 100, holdings were rounded up to the nearest whole post-consolidation share. Comparative disclosures are stated on a pre-consolidation basis.

19. DIVIDENDS

No dividends have been declared or paid during the period.

20. RELATED PARTY TRANSACTIONS

With effect from 23 March 2020 the base salary for Martha Engel (General Counsel) increased from USD 175,000 for a 30 hour week to USD 235,000 for a 40 hour week. A further 500 sign-on share options were granted. These options are exercisable at a price of $3.50, expire on 17 April 2025 and vest in three tranches over periods of 1, 2 and 3 years subject to continuing employment. All other remuneration items remained unchanged.

In May 2020 it was announced that in response to Covid-19, directors and senior executives would be taking a 25% reduction in salary.

Other than the items noted above and the share option awards detailed in Note 17 there were no new significant transactions with related parties during the period.

21. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the group, the results of those operations, or the state of affairs of the Group, in future financial years.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The consolidated interim financial statements and notes are in accordance with the *Corporations Act 2001* including:

   (a) complying with Accounting Standards, including Accounting Standard AASB 134: Interim Financial Reporting, the *Corporations Regulations 2001,* other mandatory professional reporting requirements; and

   (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date;

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001 for the interim reporting period ended 30 June 2020.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

John Seaberg
Chairman

Dated 20 August 2020

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Anteris Technologies Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Anteris Technologies Limited ("the company") which comprises the condensed consolidated statement of financial position as at 30 June 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Anteris Technologies Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 5 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth, Western Australia
20 August 2020