



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

FINANCIAL REPORT
31 DECEMBER 2020

CORPORATE DIRECTORY

Directors

John Seaberg	- Chairman
Wayne Paterson	- Chief Executive Officer and Managing Director
Stephen Denaro	- Non-Executive Director
Dr Wenyi Gu	- Non-Executive Director

Dr Yanheng Wu was a director from the beginning of the financial year until his resignation on 15 December 2020.

Company Secretary

Stephen Denaro

Company and Registered Office

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Securities Exchange Listing

ASX code: AVR (ordinary shares)

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DIRECTORS' REPORT

Your Directors present their report on Anteris Technologies Ltd ("the Company") and the consolidated entity (referred to hereafter as the Group) for the period ended 31 December 2020.

DIRECTORS

The Directors of the Company in office during the period ended 31 December 2020 and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

- John Seaberg
- Wayne Paterson
- Stephen Denaro
- Dr Wenyi Gu
- Dr Yanheng Wu (resigned 15 December 2020)

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. Products under development in the aortic valve repair and replacement programme include DurAVR[™], a novel and highly durable 3D single piece aortic valve for the treatment of aortic stenosis. Combined with the ADAPT[®] technology this design delivers better haemodynamic performance through unique properties that are critical to longer lasting valves.

OPERATING RESULT

The operating result for the period was as follows:

	CONSOLIDATED	
	12 MONTHS TO 31 DECEMBER 2020 \$	12 MONTHS TO 31 DECEMBER 2019 \$
Revenue	7,078,783	17,075,383
Loss for the period	(15,274,534)	(6,181,382)

DIVIDENDS

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

SHARE CAPITAL

6,227,258 ordinary shares, 2,370,648 listed options, 530,568 unlisted options and 49,388 unlisted warrants were on issue as at 31 December 2020.

OPERATING AND FINANCIAL REVIEW

Group Overview

Anteris Technologies Ltd is a structural heart company focused on delivering clinically superior solutions that create life-changing outcomes for patients. Its primary target is the multibillion-dollar transcatheter aortic valve replacement (TAVR) market where Anteris is fixed on commercialising its uniquely superior DurAVR[™] aortic valve. Based on the Company's proprietary ADAPT[®] tissue platform (the only bioscaffold to demonstrate zero calcification after 10 years use in cardiac surgery) and combined with its unique valve design, Anteris' DurAVR[™] prosthetic valve has the potential to solve the problems associated with current aortic valve replacement options; being, valve degradation due to calcification and long term durability. The Anteris solution is to offer a functional valve for life in an estimated \$US10 billion market by 2025.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Review of Operations

Anteris started 2020 as a singularly focused company in the structural heart area. The Company's name changed from Admedus Ltd on shareholder vote in favour in May 2020. The name change reflects a transformation to a full-scale development company.

Anteris made significant progress and achieved milestones on key research and development programs during 2020, notably:

- the development of its 3D single-piece DurAVR™ aortic valve,
- the commencement of the First-in-Human SAVR (surgical aortic valve replacement) trial, and
- progress on the design of the TAVR (transcatheter aortic valve replacement) delivery system.
- Multiple animal studies were completed, and other key studies commenced.

The DurAVR™ valve continues to produce consistent and superior performance across key bench, animal and human studies. The studies have generated positive data and important insights suggesting the valve has the potential to be a significant addition to the treatment armamentarium in the SAVR and TAVR market. This is based on key and highly differentiated technologies.

- The first is the ADAPT® tissue technology which provides proven superior anti calcification properties to that currently available.
- The second is the DurAVR™ 3D single-piece valve which is the only one of its kind and is more anatomically correct than currently marketed valves. It has shown to deliver pre-disease haemodynamics.
- The third is the delivery system (catheter). It is highly differentiated to the current delivery systems. Designed in conjunction with our medical advisory board to address the limitations of competitor delivery systems.

At the beginning of 2020, the DurAVR™ valve had not been implanted in humans and the frame and catheter (delivery system) were still in prototype design. By 2020 end, the DurAVR™ valve had been successfully implanted in the first clinical study (using surgical implantation); the frame design was finalised; and the catheter prototype— a major innovation in itself – was unveiled. The Company expects to reveal the final catheter design in 2021 and is preparing for a human TAVR study in 2021 to be undertaken.

In addition to the First-in-Human trial, Anteris progressed several key pre-clinical studies. Interim results from an anti-calcification comparison study initiated in May 2020 against a currently marketed TAVR valve indicated ADAPT® treated tissue has superior anti-calcification attributes compared with tissue used in valves marketed by leading companies. At the mid-point, the anti-calcification study showed ADAPT® treated tissue had approximately 40 per cent less calcium concentration. The full results of the studies are expected in 2021.

Positive results from these studies continue to provide important data and insights for the next development phase and progress the Company's commercialisation goals. This data will also be included in regulatory submissions to demonstrate that the DurAVR™ valve provides a more effective treatment than other currently approved market products.

In November 2020, the DurAVR™ valve was recognised as a “Best Innovation” at the prestigious PCR London Valves 2020 virtual conference. PCR London Valves is the world's largest educational meeting focused on transcatheter therapies for valvular heart disease. DurAVR™ was the only aortic valve featured in the Best Innovation section. Data from the Company's First-in-Human trial was presented at the conference.

Aside from PCR London Valves, Anteris participated in numerous conferences during the year including the European Association for Cardio-Thoracic Surgery Annual Conference, the Credit Suisse Structural Heart Forum and the Switzer Small and Micro-Cap Conference.

At the European Association for Cardio-Thoracic Surgery conference in October 2020, Professor Bart Meuris MD, PhD, Chief of Cardiovascular Surgery at University Hospitals, Leuven (Belgium) and lead surgeon on the First-in-Human trial, presented key data and insights on the DurAVR™ valve from the trial. The presentation at this highly recognised event, one of the world's largest cardio-thoracic meetings, reinforced that the DurAVR™ valve provided improved valve function and was a more effective treatment.

While major industry conferences are taking place in a virtual format, Anteris continues to engage in business development opportunities and ongoing discussions with potential strategic partners.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

During the year, the Company welcomed new investors. In December 2020, Anteris raised \$1.1 million of working capital in a private placement to sophisticated investors as step one in a broader funding package.

Anteris also entered a \$1.22 million short-term advance facility secured against its forecast research and development tax incentive offset for the 10 months ended 31 October 2020, due in 2021.

This was supplemented by a funding package of up to \$20 million completed shortly after the year's end. The facility of up to \$20 million is provided by Mercer Street Global Opportunity Fund, LLC, a New York-based investment fund, becoming the Company's second largest shareholder (5.2%) behind Sio Capital Management LLC (21.1%). The funding provides additional working capital as Anteris advances the DurAVR™ valve development.

The funding package included a \$1 million placement of new shares, a \$1.5 million convertible note (with a further \$1 million convertible note available subject to shareholder approval) plus a \$16.5 million drawdown facility for Mercer to invest in additional new shares subject to certain limitations and restrictions.

During 2020, Anteris was minimally affected by the Covid-19 pandemic impact due to early implementation of risk-management strategies. The situation continues to be closely monitored, including the Company's manufacturing contingency plan. Although Covid-19 impact slowed the First-in-Human trial in Belgium, Anteris' contract manufacturing for LeMaitre Vascular, Inc. remained strong. Anteris continued supplying ADAPT® tissue to 4C Medical Technologies Inc.

In September 2020, Anteris was granted a patent in the US for the sterilisation method employed in the manufacture of ADAPT® tissue. The patent grant is essential to the Company's value creation strategy. Expanding Anteris' intellectual property portfolio is an area of continual focus.

Anteris added to its highly regarded TAVR Medical Advisory Board in 2020, welcoming Professor Bernard Prendergast, Chair of Cardiology at Cleveland Clinic in London and the Principal Course Director of PCR London Valves. Professor Prendergast has performed more than 1,000 TAVR procedures. He will be instrumental as Anteris works towards CE Mark approval for the DurAVR™ transcatheter valve in Europe.

Profit and Loss Review

Revenues from ordinary activities for the year ended 31 December 2020 were \$7,078,783 (2019: \$17,075,383). The overall change reflected the sale of the distribution rights of CardioCel® and VasculCel® to LeMaitre Vascular Inc. in October 2019 plus the wind-down of the Infusion segment.

The Company recognised other income totalling \$4,800,016 (2019: \$25,490,296), including \$2,157,627 in licence income 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 was provided to 4C under licence.

Other income for 2020 included \$2,254,899 in government grants consisting of a Research and Development Tax Incentive of \$2,154,899 (2019: \$nil) and Covid-19 incentives of \$100,000 (2019: \$nil).

ADAPT® revenues were \$6,221,186 for 2020 compared with \$10,205,310 for 2019. The change reflecting the sale of the distribution rights of CardioCel® and VasculCel® to LeMaitre Vascular, Inc. in October 2019.

Selling, General and Administrative expenses were \$22,120,363 for the year ended 31 December 2020 (2019: \$34,474,497), primarily reflecting lower employee, travel and conference costs due to a significant reduction in global staff levels, the prior period impairment of the Admedus Vaccines intangibles and favourable foreign exchange movements.

The loss for the Group, after income tax provisions for 2020, was \$15,274,534 (2019: \$6,181,382). The figure for 2019 included gains from the sale of the CardioCel® and VasculCel® distribution rights plus the divestment of the Infusion business. During the year, the Company continued its focus on executing strategic initiatives to drive the business on a more sustainable path.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Financial Position

The closing cash position for the year was \$4,354,355 (2019: \$8,968,389), with the Group holding \$1,584,971 (2019: \$9,801,933) of trade receivables and other financial assets. Net working capital (current assets minus current liabilities) at 31 December 2020 was \$253,366.

In May 2019, the Company entered into a \$1,000,000 facility agreement for 18 months with Sio Partners, LP (Sio) to fund general working capital and operational costs. The original terms allowed Sio to convert the ordinary shares in the Company on shareholder approval. At a general meeting on 26 February 2020 shareholder approval was not obtained. On 16 October 2020, the Company announced this facility was extended until 15 December 2021. The revised terms and conditions include the ability of the lender to seek repayment of the outstanding balance if the Company completed a capital or other transaction exceeding \$5 million. There was no change to the interest rate.

On 31 December 2020, the Company entered into a short-term facility for the advance of \$1,220,000 equivalent to its forecasted research and development (R&D) tax incentive offset for the 10 months ended 31 October 2020. Mitchell Asset Management Pty Ltd provided the facility at an interest at a rate of 1.15% per month for the period of the facility.

Cash Flow

The net cash outflow during the period was \$4,717,137 (2019: \$2,285,548) reflecting:

- Net cash outflow from operating activities of \$14,373,162 (2019: \$22,867,298), primarily reflecting a reduction in payments to suppliers and employees from \$41,085,267 in 2019 to \$23,833,594 in 2020.
- Net cash inflow from investing activities of \$7,763,103 (2019: \$20,573,015) including proceeds from the maturity of term deposits of \$7,508,636. The 2019 figure included \$21,517,675 in proceeds from the sale of distribution rights.
- Net cash inflow from financing activities was \$1,892,922 (2019: \$8,735) including the \$1.1 million private placement and the R&D loan facility of \$1.22 million.

Operating segments

Management concluded business activities 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 single-piece 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).

Material Business Risks

The Group has identified the below specific risks which could impact upon its prospects.

Commercial risk

As part of the agreement the distribution rights of ADAPT®'s product portfolio sale in October 2019, the Group retained the manufacturing rights of those products for up to three years and will continue to manufacture at its Malaga facility for LeMaitre Vascular Inc. and receive a set margin over production costs. Therefore, a commercial risk remains that manufacturing operational risks may arise or that end customers will not use the CardioCel® and VascuCel® products and impact the Group's profitability. LeMaitre is responsible for building market penetration and customer awareness for these product lines.

Based on its scientifically and commercially validated ADAPT® platform, Anteris has numerous ongoing Research and Development (R&D) projects as well as product innovations led by the TAVR programme in multibillion-dollar markets. There is a risk these projects may fail or may not prove commercially viable.

The Group currently maintains a range of patents protecting the various technologies and continues to monitor these patents as well as explore new patents based on the R&D being undertaken by the Company. There are risk patent applications may not be granted or may be subject to challenge. Defending intellectual property rights may be prohibitively expensive.

Adverse patient event and product liability claims

There is a risk that a patient may have an adverse event because of one of Anteris' products leading to a product liability claim or investigation against Anteris. Anteris' monitors these risks and has implemented various measures to reduce the risk of such claims. However, these may not be adequate and a product liability claim for damages could be substantial and consume substantial management time.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Clinical trial risk

The development of innovative products in the biomedical and healthcare industries is always risky. Anteris continues to develop products from its ADAPT® platform technology (including its key focus on the TAVR programme). With these ongoing activities there is an inherent risk associated with clinical studies and R&D and it is subject to many factors beyond the Company's control. The Company monitors the progress of these studies and aims to manage these risks.

Competition

Anteris actively monitors its markets and the activities of potential competing products. Anteris believes its platform technologies and products have clear advantages over other technologies and products and continues to undertake activities to illustrate and explore these advantages and benefits further.

Regardless of the diligent activities of the Anteris team, there is no assurance others will not succeed in developing technologies to compete with the Anteris technologies.

Despite the existence of a general statutory framework in Australia and international conventions intended to protect against certain anti-competitive practices, there can be no assurance the applicable laws will be enforced sufficiently to protect the Group from anti-competitive practices by its competitors or that major competitors will not use their strategic positions to gain a competitive advantage in some future period, whether by means of price reductions or by other means.

Financial performance

The ability of the Company and the Group to continue as a going concern and fund the path to profitability is dependent upon securing additional funds in the future from a range of sources/opportunities including non-dilutive upfront and milestone payments from potential partnerships, issuing new equity and securing long term debt. The Directors believe the Company and Group has the ability to raise additional funds. Notwithstanding the above factors, as a company moving towards profitability is dependent upon continuing support from current shareholders, should the Company and the Group not receive the forecast cash inflows and additional funding referred to above 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.

Intellectual property

The Group's success will depend, in part, on its ability to obtain adequate and valid patent protection, maintain trade secret protection and operate without infringing the proprietary rights of third parties or having third parties circumvent the Group's rights. Anteris prepares files and maintains patents in countries relevant to the use and manufacturing of products using its technologies.

Key personnel risk

Anteris' success is dependent on the skills and abilities of its employees. To encourage a motivated, engaged and expert workforce, the Company strives to create a positive culture underpinned by its AORTIC values and alignment to strategic objectives. Competition for skilled employees can be intense and there can be no assurance the Group will be able to retain its key managerial, R&D and technical employees or that it will be able to attract and retain additional highly qualified personnel in the future. The inability to attract and retain the necessary personnel could have a material and adverse effect upon the Group's business, results of operations and financial condition. To mitigate this risk, Anteris provides incentive and engagement opportunities as appropriate.

Covid-19 Coronavirus

The Covid-19 pandemic had a material adverse impact on most economies around the world and placed a significant strain on the health systems of each country impacted. Currently, the impacts on Anteris have not been significant but the pandemic is likely to present ongoing risks to the Company including, but not limited to, the following:

- Operational risks linked to our production site at Malaga or on any of the Eagan, Brisbane or Geneva offices if staff were to become impacted by the virus;
- a direct impact on production at Malaga if supply chains are affected or if there is a decline in demand from LeMaitre Vascular or 4C Medical;
- Delays in completing pre-clinical or clinical trials including the SAVR First in human trial;
- The pandemic has resulted in many economies falling into recession impacting financial markets and the availability of capital and liquidity. This may impede the Company's ability to execute its capital strategies effectively.

The Company monitors the progress of Covid-19 and aims to manage these risks.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Likely Developments

Outlook

During 2020, the Company continued with the delivery of several key initiatives and increased investment in long-term strategic projects. We look forward to leveraging these developments and building on this momentum.

In 2021, we are committed to the continued investment in and development of the DurAVR™ valve to deliver a more durable heart valve. Additionally, we will continue with other product innovations at varying stages of design development, regulatory clearance and user evaluation.

Further information about key developments in the Group's operations and their expected results in future financial years were not included in this report because such disclosure would likely result in unreasonable prejudice to the Group.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group during the financial period not otherwise disclosed in this report and the Financial Statements.

EVENTS SINCE THE END OF THE FINANCIAL PERIOD

On 6 January 2021 the Company announced to the ASX a funding package of up to \$20 million principally for the Company's TAVR research and development including general working capital expenses. This facility was provided by Mercer Street Global Opportunity Fund, LLC, a New York based investment fund ("Mercer").

The facility includes:

- \$1 million placement of new shares at an issue price equal to \$3.43 (equal to 90% of the five-day Volume Weighted Average Price (VWAP) prior to Anteris entering trading halt on 23 December 2020);
- \$1.5 million convertible note on closing with a further \$1 million convertible note available subject to shareholder approval;
- \$16.5 million in a discretionary drawdown facility subject to the Company having available placement capacity in accordance with the ASX listing rules or otherwise seeking shareholder approvals. The interest held by Mercer in Anteris is capped at 4.99% (except in respect of the initial investment) unless Mercer gives its written consent and in that case is not to exceed 9.99% unless Mercer otherwise agrees. This will initially limit the drawdown extent of the above facilities.

Other than the above event, 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.

ENVIRONMENTAL REGULATIONS

The Company is subject to environmental regulation and other licences due to its research, development and manufacturing. The Company complies with all relevant Federal, State and Local environmental regulations. The Board is not aware of any breach of applicable environmental regulations by the Company.

GREENHOUSE GAS AND ENERGY DATA REPORTING REQUIREMENTS

The Group's management have reviewed the reporting requirements of both the *Energy Efficiency Opportunities Act 2006* and the *National Greenhouse and Energy Reporting Act 2007* and the Group is not currently subject to any reporting obligations.

DIRECTORS' REPORT (continued)

INFORMATION ON DIRECTORS

The name of the Directors holding office during the period ended 31 December 2020 are set out below, together with details of Directors' experience, qualifications, special responsibilities and other listed company directorships during the past three financial years.

Mr Wayne Paterson - Executive Director - Chief Executive Officer		
Experience and expertise	<p>Mr Paterson has been a Director of Anteris Technologies since 10 October 2014. Mr Paterson has held numerous senior positions in multi-national pharmaceutical companies and has lived in seven countries during the past 20 plus years. Throughout his career, he has been responsible for building and managing multi-billion dollar businesses throughout the world, including mergers, integrations, acquisitions and major restructures as President and CEO.</p> <p>From 2005 to 2013 Mr Paterson held senior positions at Merck Kgaa, most recently as President of Europe, Canada and Australia. Prior to this, Mr Paterson was President of Emerging Markets, President of Japan and Global Head of Cardiovascular Medicine.</p> <p>Between 1999 and 2005, Mr Paterson served at Roche Pharmaceuticals where he was most recently Head of Pharmaceuticals in Roche's South Korean operation. He also served as Head of Commercial Operations for Roche China based in Shanghai.</p> <p>Mr Paterson is an Australian national and resides in Minneapolis, Minnesota, United States of America.</p>	
Qualifications	MBA, University of Southern Queensland and Business Studies from the Queensland University of Technology.	
Listed Company Directorships in last three years	None.	
Special responsibilities	Chief Executive Officer	
Interests in shares and options (refer page 20)	Ordinary shares in Anteris Technologies Ltd	9,167
	Unlisted options over ordinary shares in Anteris Technologies Ltd	396,248
	Listed options over ordinary shares in Anteris Technologies Ltd	7,000

Mr John Seaberg - Independent Non-Executive Director - Chairman		
Experience and expertise	<p>Mr Seaberg has been an independent Non-Executive Director of Anteris Technologies since 10 October 2014. He was appointed as Deputy Chair on 16 June 2016 and Chair on 14 March 2017.</p> <p>From 2008 until its sale to Baxter in 2012, Mr Seaberg served as Chairman of the Board of Synovis Inc (NASDAQ:SYNO), a Minneapolis based manufacturer of various medical devices and bio scaffold tissue products.</p> <p>From 2007 until 2014 he was Founder, Chairman and CEO of NeoChord Inc., a venture capital-backed company commercialising technology developed at the Mayo Clinic for the repair of the mitral valve via minimally invasive techniques.</p> <p>From 1996 to 2006, Mr Seaberg served at Guidant Corp (subsequently acquired by Boston Scientific Corp) where he served in various executive level positions including Director of Bradycardia Marketing for Cardiac Rhythm Management, Vice President of Sales for Cardiac Surgery and Vice President of Sales for Cardiac Rhythm Management.</p> <p>In 1991, Mr Seaberg was co-founder of ACIST Medical and served as its first President and CEO.</p> <p>Mr Seaberg is a resident of Minneapolis, Minnesota, United States of America.</p>	
Qualifications	MBA, University of Minnesota and BA, University of Minnesota.	
Listed Company Directorships in last three years	None.	
Special responsibilities	Chair of the Board Member of the Audit and Risk Management Committee Chair of the Remuneration Committee	
Interests in shares and options (refer page 20)	Ordinary shares in Anteris Technologies Ltd	8,858
	Unlisted options over ordinary shares in Anteris Technologies Ltd	60,000
	Listed options over ordinary shares in Anteris Technologies Ltd	7,000

DIRECTORS' REPORT (continued)

INFORMATION ON DIRECTORS (continued)

Mr Stephen Denaro - Independent Non-Executive Director		
Experience and expertise	<p>Mr Denaro was appointed as Non-Executive Director and Company Secretary on 31 October 2018.</p> <p>Mr Denaro has more than 30 years of senior level and Board level experience across publicly-listed companies; serving as Chief Financial Officer, Company Secretary and Director. He brings a depth of experience in managing compliance with finance and accounting regulatory requirements. He has managed investment acquisitions and subsequent funding (domestic and international).</p> <p>Mr Denaro is a resident of Brisbane, QLD, Australia.</p>	
Qualifications	Bachelor of Business in Accountancy, Graduate Diploma in Applied Corporate Governance, member of Chartered Accountants Australia & New Zealand and the Australian Institute of Company Directors.	
Listed Company Directorships in last three years	None.	
Special responsibilities	Chair of the Audit and Risk Management Committee Member of the Remuneration Committee Company Secretary	
Interests in shares and options (refer page 20)	Unlisted options over ordinary shares in Anteris Technologies Ltd	25,000
Mr Wenyi Gu - Non-Executive Director		
Experience and expertise	<p>Dr Gu was appointed to the Board of Directors as Nominee Non-Executive Director of Star Bright Holding Ltd on 4 October 2018.</p> <p>Dr Gu currently works as Research Fellow for the Australian Institute for Bioengineering and Nanotechnology at The University of Queensland (UQ), where he began his post-doctoral work in 2001. He held a Peter Doherty Fellowship (2006-2009) and was supported by the National Health and Medical Research Council (NHMRC) to work at Harvard Medical School, Harvard University as a visiting research fellow.</p> <p>Before engaging in nanomedicine (focusing on drug delivery and cancer therapy), he worked on RNAi-based gene therapy for several years at Translation Research Institute (TRI). Dr Gu's research has been extensively published in respected industry journals such as Nature Communications, Ad. Materials, ACS Nano and PNAS USA. He is a Nominee Non-Executive Director for major shareholder, Star Bright Holding Ltd.</p> <p>Mr Gu is a resident of Brisbane, QLD, Australia.</p>	
Qualifications	Bachelor and Master's degree in veterinary science, PhD in biochemistry and molecular biology at the Australian National University.	
Listed Company Directorships in last three years	None.	
Special responsibilities	Member of the Audit and Risk Management Committee and the Remuneration Committee	
Interests in shares and options	Nil.	
Dr Yanheng Wu - Non-Executive Director (Resigned as Director 15 December 2020)		
Experience and expertise	<p>Dr Wu was appointed to the Board of Directors as Nominee Non-Executive Director of Star Bright Holding Ltd on 12 December 2018.</p> <p>Dr Wu is the President and Vice-chair 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. He holds multiple biomedical patents and is well published domestically and internationally.</p> <p>Dr Wu is a resident of China.</p>	
Qualifications	Bachelor of Clinical Medicine from Guangzhou Medical University. PhD in tumour immunotherapy and nanocarrier technology from the University of Queensland.	
Listed Company Directorships in last three years	None.	
Interests in shares and options	Direct interests: Nil.	

DIRECTORS' REPORT (continued)

INFORMATION ON DIRECTORS (continued)

COMPANY SECRETARY

Mr Stephen Denaro was appointed as Company Secretary on 31 October 2018. Mr Denaro combines the company secretarial duties with his role as Non-Executive Director. Mr Denaro is a Chartered Accountant and Registered Tax Agent with more than 30 years of senior level and Board level experience across publicly-listed companies; serving as Chief Financial Officer, Company Secretary and Director. He brings a depth of experience in managing compliance with finance and accounting regulatory requirements.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board Committee held during the period ended 31 December 2020 is set out below. The first column represents the number of meetings attended by each Director whilst in office:

Directors	Board of Directors	Audit and Risk Management Committee	Remuneration Committee
Mr Wayne Paterson	11/11	n/a	n/a
Mr John Seaberg	11/11	3/3	3/3
Mr Stephen Denaro	11/11	2/3	2/3
Dr Wenyi Gu	11/11	3/3	3/3
Dr Yanheng Wu	0/9	n/a	n/a

The Board meets regularly on an informal basis in addition to the above meetings.

Details of the membership of the committees of the Board are presented in the Corporate Governance Statement, which can be viewed at <https://anteristech.com/about/corporate-governance>.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (Audited)

The remuneration report is set out under the following main headings:

- A Introduction
- B Key Management Personnel
- C Principles Used to Determine the Nature and Amount of Remuneration
- D Remuneration Governance
- E Use of Remuneration Consultants
- F Service Agreements
- G Details of Remuneration
- H Share-based Compensation
- I Additional Information
- J Additional Disclosures Relating to Key Management Personnel

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Corporations Act 2001.

A Introduction

The Company has continued to review and refine our remuneration framework and associated practices following previous feedback from stakeholders. The Company engaged a remuneration consultant in late 2019 to benchmark director and executive remuneration against peers based in Australia and overseas and also taking into consideration the roles, specific skills and experience of the Directors and Officers.

B Key Management Personnel

For the purposes of this report personnel deemed Key Management Personnel (KMP) at any time during the period to 31 December 2020 are:

Board of Directors

Non-Executive Directors

Mr John Seaberg
Mr Stephen Denaro
Dr Wenyi Gu
Dr Yanheng Wu (resigned 15 December 2020)

Executive Directors

Mr Wayne Paterson

Other KMP

Dr Kiran Bhirangi - Chief Medical Officer (resigned 26 June 2020)
Mr Matthew McDonnell - Chief Financial Officer
Mr David St Denis - Chief Operating Officer
Ms Martha Engel - General Counsel

C Principles Used to Determine the Nature and Amount of Remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered and set to attract and retain suitably qualified and experienced candidates. Remuneration levels are competitively set to attract qualified and experienced directors and senior executive officers, in the context of prevailing market conditions.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

C Principles Used to Determine the Nature and Amount of Remuneration (continued)

The Company embodies the following principles in its remuneration framework:

- the Board seeks independent advice on remuneration policies and practices including recommendations on remuneration packages and other terms of employment for Directors; and
- in determining remuneration, advice is sought from external consultants on current market practices for similar roles, the level of responsibility, performance and potential of the individual and performance of the Group.

In accordance with best practice corporate governance, the structure of Non-Executive and Executive remuneration is separate and distinct. Remuneration Committee responsibilities were carried out during the year ended 31 December 2020 by John Seaberg, Stephen Denaro and Wenyi Gu.

Non-Executive Director Remuneration Policy

Fees and payments to the Non-Executive Directors reflect the demands which are made on and the responsibilities of the Directors. The Non-Executive Chairman's fees are determined based on competitive roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

The Non-Executive Directors' fees and payments are reviewed by the remuneration committee to ensure they were appropriate and in line with the market. The Chairman currently receives a fixed fee for his services as a Director.

The Company's Non-Executive Directors' remuneration package contains the following key elements:

- primary benefits – monthly director's fees including superannuation in the case of Australian-based directors only.
- equity – share options under the Anteris Technologies Employee Incentive Plan (EIP) (as approved by shareholders at the 2017 Annual General Meeting on 16 November 2017 and again at the 2020 Annual General Meeting on 15 May 2020). A grant of share options outside this EIP was made for the Chairman and the Company Secretary and was approved at an Extraordinary General Meeting (EGM) on 26 February 2020. Refer section H for details.

The Non-Executive Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$700,000 per annum and was approved by shareholders at the 2014 Annual General Meeting.

No retirement benefits are provided other than compulsory superannuation.

Executive Remuneration Policy

The Company's Executive Director and other Executives remuneration packages contain the following key elements:

- primary benefits – Base salary, short term incentives, superannuation or pension contributions and in the case of US based executives a health benefit plan.
- equity – share options under the Anteris Technologies Employee Incentive Plan (EIP) (as approved by shareholders at the 2017 Annual General Meeting on 16 November 2017 and again at the 2020 Annual General Meeting on 15 May 2020). A grant of share options outside this EIP was made for the Chief Executive and was approved at an Extraordinary General Meeting (EGM) on 26 February 2020.

The combination of these components comprises the Executive Directors' and Executive's total remuneration.

External remuneration information provides benchmark information to assess the remuneration of comparable roles. Base fees are reviewed annually to assess whether the level is competitive with the market. There is no guaranteed salary increase included in any contracts.

There are no performance conditions on options issued to employees under the 2020 Plan other than remaining employed by the Group until the vesting date, generally over a three-year period.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

C Principles Used to Determine the Nature and Amount of Remuneration (continued)

Consolidated Entity Performance and Link to Remuneration

Remuneration for individuals is linked to the performance of the consolidated entity as well as the performance of the individual. Incentive payments are dependent on defined corporate and individual key performance indicators being met. Incentive payments are at the discretion of the Remuneration Committee.

The Remuneration Committee believes the setting of key corporate and individual key performance targets which are aligned to the corporate strategy, will drive the development, performance and position of the Company. This will drive increased shareholder wealth over the coming years.

The following table sets out the executives' target remuneration mix in the current year. The short term and long-term incentives are provided at target levels.

		Fixed remuneration	At risk	
			Short term incentive	Long term incentive
Chief Executive Officer	Wayne Paterson	52%	32%	16%
Chief Operating Officer	David St Denis	67%	33%	N/A ¹
Chief Medical Officer	Kiran Bhirangi	71%	29% ²	N/A ¹
Chief Financial Officer	Matthew McDonnell	71%	29%	N/A ¹
General Counsel	Martha Engel	71%	29%	N/A ¹

- 1) Apart from Wayne Paterson, other KMPs service contracts do not specify a target long-term incentive percentage for the current financial year. KMP are granted sign-on share options at commencement of employment as detailed under section F Service Agreements.
- 2) Kiran Bhirangi resigned on 26 June 2020 and consequently forfeited eligibility to any short-term incentive for the period.

The Board has discretion to adjust targets to take into account acquisition or divestment or other significant items during a year where appropriate for linking remuneration reward to corporate performance.

D Remuneration Governance

The Remuneration Committee is a committee of the Board. The purpose of the Committee to review and make recommendations to the Board in relation to the overall remuneration policy for the Company and, specifically:

- Non-Executive Director remuneration;
- Executive Director and Senior Executive remuneration;
- the implementation of, and amendment of, any executive long-term incentive plans;
- executive remuneration changes and contractual amendments not required to be recommended to the Board; and
- the establishment of any new, and amendment of the terms of any existing, long term incentive plans for employees below Senior Executive level.

The Corporate Governance Statement provides further information on this committee, which can be viewed at <https://anteristechnologies.com/about/corporate-governance>.

E Use of Remuneration Consultants

The Company's objective is to ensure that remuneration policies are fair and competitive and aligned with the long-term interests of the Company. In 2019 the Remuneration Committee engaged Egan Associates Pty Limited, a remuneration consultant to benchmark director and executive remuneration, including wages, fees and equity as well as provide advice on reward strategies at a cost of \$46,830 (excluding GST). As a consequence of this review, the results of which were received in 2020, Share Options were awarded to a number of executive and non-executive directors at an Extraordinary General Meeting held on 26 February 2020. Refer to section H of the remuneration report for details.

The Company continues to review and refine the remuneration framework, to align with strategic imperatives and the expectation of broader stakeholders.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

F Service Agreements

Non-Executive Directors

On appointment, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter outlines the Board's policies and terms, including remuneration.

Directors fees cover all board activities including membership of any board committees. The base fee for the Chairperson is US\$140,000. Base fees for other directors is \$110,000. One director, Dr Yanheng Wu elected not to receive directors' fees.

Executives

The Company has also entered into service agreements with other executives as noted below, which contain standard terms and conditions for agreements of this nature, including confidentiality, restraint on competition and intellectual property provisions. These agreements may be terminated by notice by either party, or earlier in the event of certain breaches of the terms and conditions. Specific terms and conditions of the service agreements of the executives at the end of the financial period are summarised for each member each of the KMP below. These executives will receive a termination entitlement if they are terminated or resign equivalent to their salary over their respective notice period except Wayne Paterson as noted below.

The key remuneration arrangements included in the service agreements for each member of the KMP are set out below.

CEO and Managing Director – Wayne Paterson

- Base salary of US\$624,750¹.
- 401k pension employer contribution of 3%.
- Short term incentive opportunity at target of 60% of base salary. This target is based on EBITDA, capital position targets and achievement of strategic objectives. Strategic targets include advancement of the TAVR programme via successful first-in-human trials and progress towards other longer term commercial and regulatory targets.
- A revised long-term incentive was implemented in 2020 by the granting of 350,000 options including performance hurdles linked to share price increase, and tenure. Options are exercisable at \$11.20 and will vest in three tranches following the completion of at least 12, 18 and 24 months service with an increase in the closing share price to \$16.80, \$22.40 and \$33.60 respectively. If share price hurdles have not been achieved within a period of at least 36 months, the Board of Directors can exercise discretion to extend this for an additional period of up to 12 months.
- Health Insurance.
- There is no fixed term for this agreement. There is a notice period of 3 months by either party plus nine months base salary after separation if terminated by the Company.

Chief Operating Officer – David St Denis

- Base salary of US\$396,000¹.
- 401k pension employer contribution of 3%.
- Short term incentive opportunity at target of 50% of base salary. This target is based on EBITDA, capital position targets and achievement of strategic objectives. Strategic targets include advancement of the TAVR programme via successful first-in-human trials and progress towards other longer term commercial and regulatory targets.
- 4,000 sign-on share options (2017 issuance) and 5,430 options were awarded under the 2018 long-term incentive programme. Both sets of options vest in three tranches over 1,2 and 3 years subject to ongoing employment.
- Health Insurance.
- There is no fixed term for this agreement. There is a notice period of 12 months by either party.

Chief Medical Officer – Kiran Bhirangi (resigned 26 June 2020)

- Base salary of US\$325,000¹.
- 401k pension employer contribution of 3%.
- Short term incentive opportunity at target of 40% of base salary. This target is based on EBITDA, capital position targets and achievement of strategic objectives. Strategic targets include advancement of the TAVR programme via successful first-in-human trials and progress towards other longer term commercial and regulatory targets.
- 2,000 sign-on share options (2019 issuance, vesting in three tranches over 1, 2 and 3 years subject to ongoing employment).
- Health Insurance.
- There is no fixed term for this agreement. There is a notice period of 1 month by either party.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

F Service Agreements (continued)

Chief Financial Officer – Matthew McDonnell

- Base salary of A\$360,000¹, including superannuation.
- Short term incentive opportunity at target of 40% of base salary. This target is based on EBITDA, capital position targets and achievement of strategic objectives. Strategic targets include advancement of the TAVR programme via successful first-in-human trials and progress towards other longer term commercial and regulatory targets.
- 2,000 sign-on share options (2019 issuance, vesting in three tranches over 1, 2 and 3 years subject to ongoing employment).
- There is no fixed term for this agreement. There is a notice period of 3 months by either party.

General Counsel - Martha Engel

- Base salary of US\$235,000¹.
- Short term incentive opportunity at target of 40% of base salary. This target is based on EBITDA, capital position targets and achievement of strategic objectives. Strategic targets include advancement of the TAVR programme via successful first-in-human trials and progress towards other longer term commercial and regulatory targets.
- 401k pension employer contribution of 3%.
- 2,000 sign-on share options (1,500 in 2019 issuance, 500 in 2020 issuance, vesting in three tranches over 1, 2 and 3 years subject to ongoing employment).
- Health Insurance.
- There is no fixed term for this agreement. There is a notice period of 1 month by either party.

- 1) The coronavirus caused significant uncertainty to the global economy. Consequently, executive directors, non-executive directors and KMP accepted an amendment to their service contracts by way of a temporary 25% reduction to salary during part of 2020. Details of revised amounts paid are set out in section G.

G Details of Remuneration

Short term incentives – 2020

Details of short-term bonuses achieved or forfeited in the current reporting period are as follows ⁽ⁱ⁾:

Name	31 DECEMBER 2020	
	Awarded ⁽ⁱⁱ⁾ %	Forfeited %
Wayne Paterson	105%	0%
Kiran Bhirangi	N/A	N/A
Matthew McDonnell	105%	0%
David St Denis	105%	0%
Martha Engel	105%	0%

⁽ⁱ⁾ EBITDA, capital position targets and achievement of strategic objectives are the performance targets when setting short term incentives. Strategic targets include advancement of the TAVR programme via successful first-in-human trials and progress towards other longer term commercial and regulatory targets.

⁽ⁱⁱ⁾ The percent achieved is based on the short-term incentive opportunity for each executive and includes stretch targets

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

G Details of Remuneration (continued)

Details of the remuneration of the Directors and other Key Management Personnel of the Group is set out below.

12 months to 31 December 2020	Short-term benefits ¹					Post-employment benefits ¹	Share based benefits	Total	Percentage remuneration consisting of shares/options	Performance related ¹⁰
	Directors fees ¹	Salary ^{1,2}	Bonus ³	Non-monetary benefits	Leave ⁴	Super-annuation	Equity shares/options ⁶		%	%
	\$	\$	\$	\$	\$	\$	\$	\$		
<i>Non-Executive Director⁵</i>										
J. Seaberg	190,107	-	-	-	-	-	34,164	224,271	15%	15%
S. Denaro	91,667	45,833	-	-	-	9,167	14,235	160,902	9%	9%
W. Gu	91,667	-	-	-	-	9,167	-	100,834	-	-
Y. Wu ⁷	-	-	-	-	-	-	-	-	-	-
<i>Executive Directors</i>										
W. Paterson	-	829,211	587,197	37,935	52,206	12,384	271,376	1,790,309	15%	48%
Total directors' compensation (Group)	373,441	875,044	587,197	37,935	52,206	30,718	319,775	2,276,316		
<i>Other Key Management Personnel</i>										
K. Bhirangi ⁸	-	239,897	-	15,301	(4,526)	11,749	(3,301)	259,120	(1%)	-
M. McDonnell	-	308,171	151,201	735	18,951	21,828	4,263	505,149	1%	30%
D. St Denis	-	525,598	310,164	34,557	6,618	12,384	22,443	911,764	2%	36%
M. Engel ⁹	-	291,853	147,249	10,399	5,868	8,773	4,748	468,890	1%	31%
Total key management personnel compensation (Group)	-	1,365,519	608,614	60,992	26,911	54,734	28,153	2,144,923		
TOTAL	373,441	2,240,563	1,195,811	98,927	79,117	85,452	347,928	4,421,239		

(1) As notified at the Annual General Meeting held on 15 May 2020, in response to the covid-19 situation, the non-executive directors and key management personnel took a 25% reduction in salary for part of 2020.

(2) Remuneration contracts are denominated in USD for the following KMP:

W. Paterson	(base salary USD 624,750)
D. St Denis	(base salary USD 396,000)
K. Bhirangi	(base salary USD 325,000)
M. Engel	(base salary USD 235,000)

(3) The bonus figures disclosed for KMP relates to amounts accrued for the year as determined under the STI scheme.

(4) Leave represents the movement in annual leave and long service leave provision balances. The accounting value may be negative, for example when a KMP has taken more leave than accrued during the year.

(5) There are no termination or retirement benefits for Non-Executive Directors (other than statutory superannuation).

(6) Includes contractual sign-on options.

(7) Y. Wu resigned as Non-Executive Director on 15 December 2020.

(8) K. Bhirangi resigned on 26 June 2020.

(9) M. Engel base salary increased from USD 175,000 to USD 235,000 with effect from 21 March 2020 to reflect increase from 30 hour week to full time.

(10) Sign-on options are excluded from the calculation of the performance related percentage

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

G Details of Remuneration (continued)

12 months to 31 December 2019	Short-term benefits					Post-employment benefits	Share based benefits	Total	Percentage remuneration consisting of shares/options	Performance related ¹¹
	Directors fees	Salary ¹	Bonus ^{2,9,10}	Non-monetary benefits	Leave ³	Super-annuation	Equity shares/options ⁸	\$	%	%
	\$	\$	\$	\$	\$	\$	\$	\$		
<i>Non-Executive Director⁴</i>										
J. Seaberg	201,323	-	-	-	-	-	-	201,323	-	-
S. Denaro	100,000	50,000	-	-	-	10,000	-	160,000	-	-
W. Gu	100,000	-	-	-	-	10,000	-	110,000	-	-
Y. Wu	-	-	-	-	-	-	-	-	-	-
L. Zhang ⁵	-	-	-	-	-	-	-	-	-	-
<i>Executive Directors</i>										
W. Paterson	-	898,404	711,605	35,069	505	13,145	242,369	1,901,097	13%	50%
Total directors' compensation (Group)	401,323	948,404	711,605	35,069	505	33,145	242,369	2,372,420		
<i>Other Key Management Personnel</i>										
K. Bhirangi	-	467,357	149,554	28,870	33,115	12,079	2,988	693,963	<1%	22%
M. McDonnell	-	327,273	254,000	735	11,592	32,727	3,301	629,628	<1%	40%
D. St Denis	-	569,456	270,923	32,011	320	12,079	59,635	944,424	6%	35%
M. Engel ⁶	-	198,419	187,278	7,459	-	7,881	1,479	402,516	<1%	47%
A. Frisinger ⁷	-	163,603	71,901	15,544	(6,546)	7,462	1,061	253,025	<1%	28%
Total key management personnel compensation (Group)	-	1,726,108	933,656	84,619	38,481	72,228	68,464	2,923,556		
TOTAL	401,323	2,674,512	1,645,261	119,688	38,986	105,373	310,833	5,295,976		

(1) Remuneration contracts are denominated in USD for the following KMP based in the USA/Europe:

W. Paterson	(base salary USD 624,750)
D. St Denis	(base salary USD 396,000)
K. Bhirangi	(base salary USD 325,000)
M. Engel	(base salary USD 175,000, 30 hour week)
A. Frisinger	(base salary USD 170,000)

(2) The bonus figures disclosed for KMP relates to amounts accrued for the year as determined under the STI scheme.

(3) Leave represents the movement in annual leave and long service leave provision balances. The accounting value may be negative, for example when a KMP has taken more leave than accrued during the year.

(4) There are no termination or retirement benefits for Non-Executive Directors (other than statutory superannuation).

(5) L. Zhang resigned as Non-Executive Director on 30 May 2019.

(6) M. Engel was appointed as General Counsel on 19 March 2019.

(7) A. Frisinger was appointed Global Head of Human Resources on 1 April 2019 and resigned as Global Head of Human Resources on 21 November 2019. The amounts in the table above represent the period she was part of the Key Management Personnel.

(8) Includes contractual sign-on options.

(9) Includes discretionary bonuses linked to the achievement of Strategic objectives.

(10) Includes post-employment benefits associated with bonus payments.

(11) Sign-on options are excluded from the calculation of the performance related percentage

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

H Share-based Compensation

Fair Value of Options Granted

The fair value at grant date is determined using a Black-Scholes option pricing model that considers the exercise price, the term of the option, 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.

On 20 March 2020 following approval by shareholders at the Extraordinary General Meeting (EGM) on 26 February 2020, the Company issued 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 ('EGM Options'). 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. Due to the conditions attached, these options have been valued under the Monte Carlo simulation model.

The model inputs for options granted to key management personnel (as noted at the bottom of this page) during the period ended 31 December 2020 included:

	EGM Options	Tranche 20A
Exercise price:	\$11.20	\$3.50
Grant date:	20-Mar-20	17-Apr-20
Expiry date:	20-Mar-25	17-Apr-25
Share price at grant date:	\$3.50	\$7.45
Expected price volatility of the Company's shares:	89%	89%
Risk-free interest rate:	0.50%	0.35%
Fair value at grant date:	\$1.12	\$5.50

All Tranches of options are granted for no consideration and typically vest 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.

Options

Set out below are summaries of the number of listed options purchased by directors and other key management personnel plus options granted by Anteris Technologies Ltd to directors and other key management personnel:

Grant date	Expiry date	Exercise price ⁽¹⁾ \$	Balance at start of the period	Effect of 1:100 share consolidation	Granted during the period	Expired during the period	Ceased as KMP	Balance at end of the period	Fair Value at grant date per option ⁽¹⁾ \$
10/12/2015	10/12/2020	139.00	200,000	(198,000)	-	(2,000)	-	-	51.53
22/09/2017	22/09/2022	26.00	400,000	(396,000)	-	-	-	4,000	15.37
08/06/2018	31/12/2027	37.00	1,978,515	(1,958,727)	-	-	-	19,788	17.13
18/12/2018	18/12/2021	8.00	1,400,000 ⁽³⁾	(1,386,000)	-	-	-	14,000	-
14/05/2019	15/05/2029	5.90	3,188,831	(3,156,941)	-	-	-	31,890	4.99
14/06/2019	12/07/2029	6.80	400,000	(395,998)	-	-	(2,001) ⁽²⁾	2,001	4.98
30/08/2019	01/09/2029	6.80	150,000	(148,500)	-	-	-	1,500	4.81
20/03/2020	20/03/2025	11.20	-	-	435,000 ⁽⁴⁾	-	-	435,000	1.12
17/04/2020	17/04/2025	3.50	-	-	500 ⁽⁵⁾	-	-	500	5.50
Total			7,717,346	(7,640,166)	435,500	(2,000)	(2,001)	508,679	

(1) Restated for the effect of the 1:100 share consolidation approved by shareholders at the EGM held on 26 February 2020.

(2) K. Bhirangi ceased to be KMP on resignation as Chief Medical Officer on 26 June 2020.

(3) J. Seaberg and W. Paterson participated in the rights issue on 18 December 2018 and both Directors hold 7,000 listed options (post 1:100 share consolidation) with an exercise price of \$8.00 and an expiry date of 18 December 2021. These options were purchased by J Seaberg and W Paterson and were not granted as compensation.

(4) Options granted to W. Paterson (350,000), J. Seaberg (60,000) and S. Denaro (25,000) following the EGM on 26 February 2020.

(5) Options granted to M. Engel as sign on options to reflect increase from 30 hour week to full time under Tranche 20A of the Employee Incentive Plan.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

H Share-based Compensation (continued)

Option holdings

The number of options over ordinary shares in the Company held during the financial period by each director of Anteris Technologies Ltd, including their personally related parties, and other KMP are set out below:

Option holder	Balance at the start of the period	Effect of 1:100 share consolidation	Granted as compensation	Ceased as KMP	Expired/ Exercised	Balance at the end of the period	Unvested	Vested and exercisable
1 January 2020 - 31 December 2020								
Directors of Anteris Technologies Ltd								
J. Seaberg	800,000	(792,000)	60,000	-	(1,000)	67,000	60,000	7,000 ¹
W. Paterson	5,424,461	(5,370,213)	350,000	-	(1,000)	403,248	360,630	42,618 ¹
S. Denaro	-	-	25,000	-	-	25,000	25,000	-
W. Gu	-	-	-	-	-	-	-	-
Y. Wu	-	-	-	-	-	-	-	-
Other key management personnel of the Group								
K. Bhirangi	200,000	(197,999)	-	(2,001)	-	-	-	-
M. McDonnell	200,000	(197,999)	-	-	-	2,001	1,334	667
D. St Denis	942,885	(933,455)	-	-	-	9,430	-	9,430
M. Engel	150,000	(148,500)	500	-	-	2,000	1,500	500

- (1) J. Seaberg and W. Paterson participated in the rights issue on 18 December 2018 and both Directors hold 7,000 listed options (post 1:100 share consolidation) with an exercise price of \$8.00 and an expiry date of 18 December 2021. These options were purchased by J Seaberg and W Paterson and were not granted as compensation.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

I Additional Information

The earnings of the consolidated entity for the five and a half years to 31 December 2020 are summarised below:

	Financial year ending 31 December 2020 \$	Financial year ending 31 December 2019 \$	Financial year ending 31 December 2018 \$	Six months to 31 December 2017 \$	Financial year ending 30 June 2017 \$	Financial year ending 30 June 2016 \$
Sales revenue	7,078,783	17,075,383	25,601,097	11,305,079	22,324,145	14,150,521
EBITDA	(13,668,003)	(4,097,536)	(20,691,421)	(7,717,524)	(10,913,923)	(28,220,840)
Profit/(Loss) after tax	(15,274,534)	(6,181,382)	(24,698,678)	(8,828,576)	(12,676,211)	(25,130,409)

The factors that are considered to affect total shareholder return are summarised below:

	Financial year ending 31 December 2020 \$	Financial year ending 31 December 2019 \$	Financial year ending 31 December 2018 \$	Six months to 31 December 2017 \$	Financial year ending 30 June 2017 \$	Financial year ending 30 June 2016 \$
Share price at year/period end (\$A) ^(*)	3.75	10.00	6.20	29.50	26.50	32.50
Total dividends declared (cents per share)	-	-	-	-	-	-
Basic loss per share (\$ per share) ^(*)	cents (258)	cents (99)	cents (793)	cents (339)	cents (483)	cents (1,258)

(*) Restated for effect of 1:100 share consolidation.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

J Additional Disclosure Relating to Key Management Personnel

Shareholding

The number of shares in the Company held during the year by each director and other KMP of the consolidated entity, including their personally related parties, is set out below. There were no shares granted during the reporting or comparative period as compensation.

Ordinary shareholders	Balance at the start of the year	Received during the year on exercise of options	Effect of share consolidation	Commenced / ceased as KMP during the year	Balance at the end of the year
1 January 2020 - 31 December 2020					
Directors of Anteris Technologies Ltd					
J. Seaberg	885,703	-	(876,845) ⁽¹⁾	-	8,858
W. Paterson	916,667	-	(907,500) ⁽¹⁾	-	9,167
S. Denaro	-	-	-	-	-
W. Gu	-	-	-	-	-
Y. Wu	-	-	-	-	-
L. Zhang	-	-	-	-	-
Other key management personnel of the Group					
K. Bhirangi	-	-	-	-	-
M. McDonnell	-	-	-	-	-
D. St Denis	-	-	-	-	-
M. Engel	-	-	-	-	-

(1) Effect of 1:100 share consolidation.

Loans to Key Management Personnel

No loans have currently been provided to key management personnel.

THIS IS THE END OF THE AUDITED REMUNERATION REPORT

DIRECTORS' REPORT (continued)

SHARES UNDER OPTION/WARRANT

Unissued ordinary shares of Anteris Technologies Ltd under option/warrant as at the date of this report are as follows:

Date security granted	Expiry date	Exercise price of options/warrants \$	Number under option	Warrants
24/06/2016	24/06/2021	30.00	500	-
18/11/2016	18/11/2021	34.00	667	-
23/03/2017	23/03/2022	34.00	1,000	-
22/09/2017	22/09/2022	26.00	6,750	-
25/10/2017	26/10/2024	25.00	-	49,388
17/11/2017	15/12/2022	22.00	2,500	-
08/06/2018	31/12/2027	30.00	3,258	-
08/06/2018	31/12/2027	37.00	31,737	-
18/12/2018	18/12/2021	8.00	2,370,648 ¹	-
28/02/2019	2/04/2028	3.60	1,002	-
28/02/2019	10/04/2028	3.60	1,002	-
28/02/2019	16/05/2028	3.60	1,500	-
28/02/2019	2/06/2028	3.60	1,254	-
28/02/2019	3/01/2029	3.60	501	-
14/05/2019	15/05/2029	5.90	31,890	-
14/06/2019	12/07/2029	6.80	4,107	-
30/08/2019	1/09/2029	6.80	3,000	-
20/03/2020	20/03/2025	11.20	435,000	-
17/04/2020	17/04/2025	3.50	3,750	-
03/06/2020	03/06/2025	7.58	500	-
07/10/2020	07/10/2025	4.00	250	-
27/10/2020	27/10/2025	3.94	400	-
20/01/2021	20/01/2024	10.00	150,000 ²	-
Total			3,051,216	49,388

- (1) On 18 December 2018, a renounceable rights issue of shares was undertaken at an issue price of \$8.00 per share, with an attached listed option for each share issued.
- (2) On 20 January 2021, 150,000 options were issued at no cost to Mercer Street Global Opportunity Fund, LLC ("Mercer"). These options were issued as consideration for Mercer entering into a convertible security and share purchase agreement as announced to the ASX on 6 January 2021.

No option/warrant holder has any right under the options/warrants to participate in any other share issue of the Company or any other entity. The options/warrants are exercisable at any time after vesting or before the expiry date.

During the year ended 31 December 2020, 32,212 unlisted options and 56,300 warrants (on a 1:100 post consolidation basis) were cancelled (31 December 2019: 5,181,610 options cancelled).

INSURANCE OF OFFICERS

During the period to 31 December 2020, the Company paid a premium in respect of a contract insuring the Directors and Officers of the Company and any subsidiary against a liability incurred as a Director or Officer to the extent permitted by the *Corporations Act 2001*. Due to a confidentiality clause in the policy, the amount of the premium has not been disclosed.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

DIRECTORS' REPORT (continued)

SUBSEQUENT EVENTS

On 6 January 2021 the Company announced a funding package of up to \$20 million principally for the Company's TAVR research and development including general working capital expenses. This facility was provided by Mercer Street Global Opportunity Fund, LLC, a New York based investment fund ("Mercer").

The facility includes:

- \$1 million placement of new shares at an issue price equal to \$3.43 (equal to 90% of the five-day Volume Weighted Average Price (VWAP) prior to Anteris entering trading halt on 23 December 2020);
- \$1.5 million convertible note on closing with a further \$1 million convertible note available subject to shareholder approval;
- \$16.5 million in a discretionary drawdown facility subject to the Company having available placement capacity in accordance with the ASX listing rules or otherwise seeking shareholder approvals. The interest held by Mercer in Anteris is capped at 4.99% (except in respect of the initial investment) unless Mercer gives its written consent and in that case is not to exceed 9.99% unless Mercer otherwise agrees. This will initially limit the drawdown extent of the above facilities.

Other than the above event, 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.

NON-AUDIT SERVICES

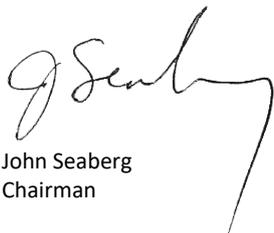
The Company may decide to employ the auditor on assignments additional to their statutory audit duties, where the auditors' expertise and experience with the Company are important.

No other assurance services were provided in the year ended 31 December 2020 (year ended 31 December 2019: \$9,000 were provided by the auditor (HLB Mann Judd) in relation to the transaction with LeMaitre Vascular).

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 18 February 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Anteris Technologies Limited for the year ended 31 December 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

HLB Mann Judd

Perth, Western Australia
18 February 2021



B G McVeigh
Partner

hlb.com.au

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Liability limited by a scheme approved under Professional Standards Legislation.

CORPORATE GOVERNANCE STATEMENT

The Board and management of Anteris Technologies Ltd are committed to achieving and demonstrating the highest standards of corporate governance. Anteris Technologies Ltd has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The corporate governance statement reflects the corporate governance practices in place throughout the financial year. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement, which can be viewed at <https://anteristechnologies.com/about/corporate-governance>.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	CONSOLIDATED	
		12 MONTHS TO	12 MONTHS TO
		31 DECEMBER	31 DECEMBER
		2020	2019
		\$	\$
Revenue from continuing operations	3	7,078,783	17,075,383
Other income	3	4,800,016	25,490,296
Changes in inventory		(1,119,021)	(5,143,372)
Raw materials and consumables used		(1,603,884)	(1,243,705)
Employee benefits	4	(11,344,421)	(20,583,366)
Consultancy and legal fees		(2,479,296)	(3,609,780)
Travel and conference expenses		(183,211)	(1,815,653)
Research and development costs		(4,634,498)	(3,315,324)
Share-based payments	4	(420,207)	(360,799)
Depreciation and amortisation expense	4	(1,212,578)	(1,616,448)
Financing costs	4	(578,965)	(533,058)
Fair value movement of warrant		65,816	(170,546)
Write-down of inventory	7(a)	-	(304,422)
Impairment of property, plant & equipment	7(c)	-	(1,036,515)
Impairment of intangible assets	7(e)	-	(3,442,134)
Marketing and promotional expenses		(594,569)	(1,471,495)
Foreign exchange loss		(584,338)	(782,364)
Infrastructure		(725,782)	(1,158,546)
Insurance		(705,388)	(738,523)
IT and telecommunications		(468,976)	(546,369)
Other expenses		(564,015)	(874,642)
Loss before income tax from continuing operations		(15,274,534)	(6,181,382)
Income tax (expense)/benefit	5	-	-
Loss after income tax for the year		(15,274,534)	(6,181,382)
Total loss is attributable to:			
Equity holders of Anteris Technologies Ltd		(15,274,534)	(5,819,673)
Non-controlling interest		-	(361,709)
		(15,274,534)	(6,181,382)
Loss per share from continuing operations attributable to ordinary equity holders of the Company (cents per share)		Cents	Cents
Basic loss per share	11	(258)	(99) ⁽¹⁾
Diluted loss per share	11	n/a	n/a

The above 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 9(d).

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	CONSOLIDATED	
	12 MONTHS TO 31 DECEMBER	12 MONTHS TO 31 DECEMBER
Note	2020	2019
	\$	\$
Loss for the year	(15,274,534)	(6,181,382)
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	743,995	(143,835)
Other comprehensive income for the period, net of tax	-	-
Total comprehensive loss	(14,530,539)	(6,325,217)
Total comprehensive loss is attributable to:		
Equity holders of Anteris Technologies Ltd	(14,530,539)	(5,963,508)
Non-controlling interest	-	(361,709)
	(14,530,539)	(6,325,217)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	CONSOLIDATED	
		31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6(a)	4,354,355	8,968,389
Trade receivables and other financial assets	6(b)	1,584,971	9,801,933
Inventories	7(a)	693,464	1,812,485
Other assets	7(b)	1,460,000	-
Total Current Assets		8,092,790	20,582,807
Non-Current Assets			
Other receivables	6(b)	711,144	729,681
Property, plant & equipment	7(c)	1,372,318	1,590,132
Right-of-use assets	7(d)	1,058,727	1,401,798
Intangible assets	7(e)	1,416,323	1,699,391
Total Non-Current Assets		4,558,512	5,421,002
TOTAL ASSETS		12,651,302	26,003,809
LIABILITIES			
Current Liabilities			
Trade and other payables	6(c)	4,013,069	4,921,154
Provisions	7(f)	472,601	528,099
Lease liabilities	7(g)	399,940	340,204
Deferred consideration	6(d)	400,000	400,000
Borrowings	6(e)	2,553,814	1,112,641
Total Current Liabilities		7,839,424	7,302,098
Non-Current Liabilities			
Lease liabilities	7(g)	829,201	1,164,372
Financial liability - warrant	6(f)	937,609	1,003,425
Provisions	7(f)	637,854	602,691
Deferred consideration	6(d)	-	396,165
Total Non-Current Liabilities		2,404,664	3,166,653
TOTAL LIABILITIES		10,244,088	10,468,751
NET ASSETS		2,407,214	15,535,058
EQUITY			
Contributed equity	9	138,740,016	137,757,528
Reserves	10	(1,560,222)	(2,724,424)
Accumulated losses		(134,772,580)	(119,498,046)
TOTAL EQUITY		2,407,214	15,535,058

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 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 year	-	-	-	-	(5,819,673)	(5,819,673)	(361,709)	(6,181,382)
Exchange translation differences	-	-	-	(143,835)	-	(143,835)	-	(143,835)
Total comprehensive loss	-	-	-	(143,835)	(5,819,673)	(5,963,508)	(361,709)	(6,325,217)
Transactions with owners in their capacity as owners								
Shares issued during the year	61,337	-	-	-	-	61,337	-	61,337
Capital raising costs	(41,020)	-	-	-	-	(41,020)	-	(41,020)
Share-based payments	-	360,799	-	-	-	360,799	-	360,799
Balance at 31 December 2019	137,757,528	5,337,164	(7,243,027)	(818,561)	(119,498,046)	15,535,058	-	15,535,058
Loss for the year	-	-	-	-	(15,274,534)	(15,274,534)	-	(15,274,534)
Exchange translation differences	-	-	-	743,995	-	743,995	-	743,995
Total comprehensive loss	-	-	-	743,995	(15,274,534)	(14,530,539)	-	(14,530,539)
Transactions with owners in their capacity as owners								
Shares issued during the year	1,068,143	-	-	-	-	1,068,143	-	1,068,143
Capital raising costs	(85,655)	-	-	-	-	(85,655)	-	(85,655)
Share-based payments	-	420,207	-	-	-	420,207	-	420,207
Balance at 31 December 2020	138,740,016	5,757,371	(7,243,027)	(74,566)	(134,772,580)	2,407,214	-	2,407,214

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	CONSOLIDATED	
		12 MONTHS TO 31 DECEMBER 2020 \$	12 MONTHS TO 31 DECEMBER 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		7,277,585	18,435,828
Proceeds from licence for sterilisation process		1,359,804	-
Payments to suppliers and employees		(23,833,595)	(41,085,267)
R&D tax incentive refund		734,899	-
Gain on derivatives		154,495	-
Government grants		100,000	-
Interest paid		(263,546)	(265,396)
Interest received		97,196	47,537
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	6(g)	(14,373,162)	(22,867,298)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(288,523)	(67,162)
Payments to acquire investments		(400,000)	(400,000)
Proceeds from partial sale of Infusion business including working capital receipts		-	6,655,842
Proceeds from sale of distribution rights		942,600	21,517,675
Proceeds from maturity of term deposits		7,508,636	-
Investment in term deposits		-	(7,136,740)
Proceeds from sale of property, plant and equipment		390	3,400
NET CASH INFLOW FROM INVESTING ACTIVITIES		7,763,103	20,573,015
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share or options issues		1,068,143	137
Share issue transaction costs		-	(640,562)
Proceeds from borrowings		1,220,000	1,000,000
Repayment of borrowings		-	-
Payment of lease liabilities		(364,071)	(289,617)
Borrowings transaction costs		(31,150)	(61,223)
NET CASH INFLOW FROM FINANCING ACTIVITIES		1,892,922	8,735
NET (DECREASE) IN CASH HELD		(4,717,137)	(2,285,548)
CASH AT BEGINNING OF THE PERIOD		8,968,389	12,036,301
Effect of exchange rate movements on cash		103,103	(782,364)
CASH AT END OF THE PERIOD	6(a)	4,354,355	8,968,389

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. BASIS OF PREPARATION

The consolidated financial statements comprise Anteris Technologies Ltd (formerly known as Admedus Ltd) (the “Company”) and its controlled entities. The consolidated financial statements are general purpose financial statements and are presented in Australian dollars, unless otherwise stated. The consolidated entity is a for-profit entity.

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, which have been measured at fair value through profit or loss.

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 15.

The Group’s accounting policies have been consistently applied to all of the periods presented unless otherwise stated.

(a) 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 15,274,534 and had net cash outflows from operating activities of \$14,373,162 for the financial year ended 31 December 2020. As at that date, the Group had a cash balance of \$4,354,355.

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:

- Subsequent to the balance sheet date, the company entered into a facility generating \$2.5 million with a further \$1 million subject to shareholder approval. In addition, the facility includes a \$16.5 million discretionary drawdown facility subject to conditions and limitations. Refer Note 19.
- Retention of the manufacturing rights of ADAPT®’s CardioCel® and VascuCel® products for up to three years 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. BASIS OF PREPARATION (continued)

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Anteris Technologies Ltd as at 31 December 2020 and the results of all subsidiaries for the year then ended. Anteris Technologies Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. Control is achieved when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and statement of other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interests in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(c) Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed in the following notes.

Note 7(c) Useful economic life and related depreciation of tangible fixed assets and intangible assets

Note 7(e) Impairment of intellectual property and patents

Note 7(f)(ii) Lease make good provision

Note 7(g) Lease liabilities

Covid-19, an infectious disease caused by a new virus, was declared a worldwide pandemic by the World Health Organisation on 11 March 2020. The measures to slow the spread of Covid-19 have had a significant impact on the global economy. The impacts on the company to date have been minimal.

The Group continues to manufacture product for LeMaitre Vascular Inc. Key projects continue, including in-human patient trials of the Group's ADAPT® single-piece 3D aortic valve for surgical aortic valve replacement. The chief disruption in 2020, and expected to continue into 2021, was a slow down in the in-human patient trials as well as to corporate and medical conferences due to event cancellations and travel restrictions. Accordingly there has not been an associated impact on accounting estimates due to Covid-19.

Additional commentary has been made around the impact of covid-19 where considered significant to that area of the accounts. Refer Note 1(a) Going Concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2. 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 is 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 VasculCel 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.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

	Operations		Projects		Total	
	31 DECEMBER 2020	31 DECEMBER 2019	31 DECEMBER 2020	31 DECEMBER 2019	31 DECEMBER 2020	31 DECEMBER 2019
	\$	\$	\$	\$	\$	\$
Total segment revenue ^{1 2}	6,221,186	10,205,310	857,597	6,870,073	7,078,783	17,075,383
Segment profit/(loss) ³	904,243	9,119,727	(12,219,758)	(7,108,172)	(11,315,515)	2,011,555
Depreciation & amortisation	(620,304)	(1,081,581)	(515,657)	(493,504)	(1,135,961)	(1,575,085)
Segment assets	4,240,561	7,195,577	2,596,386	2,703,103	6,836,947	9,898,680
Segment liabilities	(2,637,889)	(6,742,447)	(4,114,776)	(1,610,238)	(6,752,665)	8,352,685
Acquisition of non-current assets	58,312	27,013	230,211	40,149	288,523	67,162

- (1) Operations segment revenue was earned in the following regions, Australia \$5,408,475, North America \$812,711 (2019: North America: \$7,092,234, Europe: \$1,731,594 and Emerging Markets: \$1,381,482).
- (2) All projects revenue relates to the Infusion business in Australia that was previously disclosed as a separate segment.
- (3) Infusion profit included in projects for the year ended 31 December 2019 was \$2,114,201.
- (4) Prior year Operations result includes a gain on the sale of distribution rights of \$20,287,867. Prior year Projects result includes gain on sale of part of the infusion business of \$4,626,403.

Segment information

The company has previously reported the Immunotherapies business (Admedus Vaccines) as a separate segment. 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 Limited board of directors appointed an administrator pursuant to section 436A of the Corporation Act 2001. Admedus Vaccines was subsequently placed into liquidation in June 2019. Consequently, it is deemed Immunotherapies no longer meets the definition of a reportable segment. The amounts reported for Immunotherapies in the prior period have been included in the reconciliations below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2. SEGMENT REPORTING (continued)

(b) Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. Segment revenue reconciles to total revenue from continuing operations as follows:

	CONSOLIDATED	
	12 MONTHS TO 31 DECEMBER 2020 \$	12 MONTHS TO 31 DECEMBER 2019 \$
Segment revenue	7,078,783	17,075,383
Total revenue from continuing operations	7,078,783	17,075,383

(ii) Segment result

Performance is measured based on segment result before tax.

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

	CONSOLIDATED	
	12 MONTHS TO 31 DECEMBER 2020 \$	12 MONTHS TO 31 DECEMBER 2019 \$
Segment profit/(loss)	(11,315,515)	2,011,555
Unallocated:		
Corporate and administration expenses	(3,959,019)	(5,272,303)
Immunotherapies	-	(2,920,634)
Loss before income tax from continuing operations	(15,274,534)	(6,181,382)

(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, right-of-use assets and intangible assets.

Segment liabilities consist primarily of trade and other creditors and provisions.

Reportable segment assets reconciled to total assets as follows:

	CONSOLIDATED	
	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
Segment assets	6,836,947	9,898,680
Intersegment eliminations		
Unallocated:		
Cash and cash equivalents	4,354,355	8,968,389
R&D receivable from Australian Tax Office	1,420,000	-
Other assets	40,000	-
Term deposits (disclosed in trade receivables and other financial assets)	-	7,136,740
Total assets per the statement of financial position	12,651,302	26,003,809

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2. SEGMENT REPORTING (continued)

(iii) Segment assets and liabilities (continued)

Reportable segment liabilities reconciled to total liabilities as follows:

	CONSOLIDATED	
	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
Segment liabilities	6,752,665	8,352,685
Intersegment eliminations	-	-
Unallocated:		
Borrowings	2,553,814	1,112,641
Financial liability - warrant	937,609	1,003,425
Total liabilities per the statement of financial position	10,244,088	10,468,751

(iv) Depreciation and amortisation

	CONSOLIDATED	
	12 MONTHS TO 31 DECEMBER 2020 \$	12 MONTHS TO 31 DECEMBER 2019 \$
Segment depreciation and amortisation	(1,135,961)	(1,575,085)
Unallocated:		
Depreciation related to corporate and administration	(76,617)	-
Immunotherapies	-	(41,363)
Total depreciation and amortisation per statement of profit or loss	(1,212,578)	(1,616,448)

(v) Acquisition of non-current assets

	CONSOLIDATED	
	12 MONTHS TO 31 DECEMBER 2020 \$	12 MONTHS TO 31 DECEMBER 2019 \$
Segment acquisition of non-current assets	288,523	67,162
Unallocated:		
Corporate	-	-
Total acquisition of non-current assets	288,523	67,162

(c) Geographic segments revenue

The main geographic segments from which the Group derives its revenue are Australia of \$6,266,072 (31 December 2019: \$7,626,358), the United States of \$812,711 (31 December 2019: \$7,092,234).

(d) Major customers

Revenues of approximately \$6,200,978 are derived from two external customers attributed to the Operations Business segment (31 December 2019: \$4,544,495 of revenue derived from two external customers, attributed to the Projects Business segment).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

3. REVENUE AND OTHER INCOME

	CONSOLIDATED	
	12 MONTHS TO 31 DECEMBER 2020 \$	12 MONTHS TO 31 DECEMBER 2019 \$
Revenue from continuing operations		
Sale of goods		
At a point in time	7,078,783	17,075,383
Foreign exchange gain	-	-
Other income		
Gain on sale of distribution rights ⁽¹⁾	-	20,287,867
Gain on sale of part of Infusion business ⁽²⁾	-	4,626,403
Licence income ⁽³⁾	2,157,627	-
Government grants ⁽⁴⁾	2,254,899	-
Investment fee ⁽⁵⁾	-	500,000
Income from derivatives	154,495	-
Interest income	185,012	65,660
Sundry income	47,983	10,366
Total other income	4,800,016	25,490,296

(1) On 14 October 2019 the Company announced to the ASX that it had sold the distribution rights to its CardioCel® and Vascel® patch business to US based LeMaitre Vascular Inc. The gain on sale reflects the proceeds less the net assets transferred to LeMaitre Vascular Inc. Assets transferred primarily included inventory.

(2) 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.

(3) 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 Medical Technologies Inc. under license.

(4) Government grants consist of Research and Development Tax Incentive \$2,154,899 (2019: \$nil) and covid-19 incentives \$100,000 (2019: \$nil).

(5) Non-refundable fee paid by Star Bright Holding Ltd in return for a six-month exclusivity period with Admedus Vaccines.

Recognition and Measurement

Sale of goods

Revenue from the sale of goods for the Infusion and ADAPT® business units is recognised when control of goods transfers to the customer. Revenue is recognised at an amount which reflects the consideration to which the Group expects to be entitled in exchange for those goods. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable amount may occur when the uncertainties around its measurement are removed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

3. REVENUE AND OTHER INCOME (continued)

Recognition and Measurement (continued)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government Grants

Grants from the Government, including a Research and Development Tax incentive and Covid-19 incentives are recognised at their fair value where there is a reasonable assurance that the grant will be received and the consolidated entity will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4. EXPENSES

	CONSOLIDATED	
	12 MONTHS TO 31 DECEMBER 2020 \$	12 MONTHS TO 31 DECEMBER 2019 \$
Depreciation and amortisation		
Depreciation of Property, Plant and Equipment	493,849	899,435
Depreciation of Right-of-Use Assets	435,661	392,864
Amortisation	283,068	324,149
	1,212,578	1,616,448
Impairment of intangible assets⁽¹⁾	-	3,442,134
Employment expenses⁽²⁾		
Remuneration and on-costs	10,725,171	19,404,438
Superannuation expense	452,438	869,936
Other employee benefits	166,812	308,992
	11,344,421	20,583,366
Share-based payments	420,207	360,799
Operating lease rental expense ⁽³⁾	125,741	177,865

(1) Following the termination of the share sale agreement for Admedus Vaccines Pty Limited in April 2019, the intangible assets of Admedus Vaccines were impaired, resulting in a charge of \$3,442,134 for the year ended 31 December 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.

(3) Under AASB 16 *Leases* amounts that were previously reported as payments under operating leases have been capitalised as Right-of-Use Assets and a corresponding Lease Liability created. The rental expense of \$125,741 (2019: \$177,865) represents payments made in the period on low value or short-term leases that do not meet the criteria for creation of Right-Of-Use assets under AASB 16 *Leases*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

4. EXPENSES (continued)

	CONSOLIDATED	
	12 MONTHS TO 31 DECEMBER 2020 \$	12 MONTHS TO 31 DECEMBER 2019 \$
Foreign exchange loss	584,338	782,364
Finance costs		
Interest and finance charges paid/payable	271,944	179,454
Interest expense on lease liabilities	206,704	243,347
Amortisation of loan transaction costs	96,296	82,766
Unwind of discount on non-current liabilities	4,021	27,491
	578,965	533,058

Depreciation

Refer Note 7(c) for details on depreciation.

Employee Benefits

Refer Note 7(f) for details on employee provisions and employee superannuation and Note 20 for details on share-based payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

5. INCOME TAX

	CONSOLIDATED	
	12 MONTHS TO 31 DECEMBER 2020 \$	12 MONTHS TO 31 DECEMBER 2019 \$
(a) Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss from continuing operations before income tax expense	(15,274,534)	(6,181,382)
Tax expense/(benefit) at the Australian tax rate of 26.0% (31 December 2019: 27.5%)	(3,971,379)	(1,699,880)
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:		
Share based payments	109,254	116,050
Non-assessable income	(585,959)	-
Research and development expenditure	848,736	-
Other assessable income	-	284,471
Impairments	-	953,706
Foreign exchange (gains) and losses	(943,508)	197,858
Sundry items - net non-deductible	-	42,933
Recognition of previously unrecognised losses	(3,338)	(2,109,609)
Subtotal	(4,546,194)	(2,214,471)
Adjustment for difference in foreign tax rates	586,482	558,184
Total tax expense/(benefit)	(3,959,712)	(1,656,287)
Deferred tax – current period benefits not recognised	(3,959,712)	(1,656,287)
Deferred tax – reversal of prior period temporary differences	-	-
Income tax expense/(benefit)	-	-

(b) Deferred Tax Assets

The composition and movement of deferred assets is as follows:

	Balance 1 January 2019 \$	Recognised in profit or loss \$	Recognised in equity \$	Balance 31 December 2019 \$	Recognised in profit or loss \$	Recognised in equity \$	Balance 31 December 2020 \$
Provisions	393,232	119,207	-	512,439	(228,809)	-	283,630
Accruals	262,357	205,981	-	468,338	(106,689)	-	361,649
Share issue costs through equity	1,072,568	-	(359,810)	712,758	-	(251,789)	460,969
Property, plant and equipment	(345,809)	104,091	-	(241,718)	284,187	-	42,469
Intangible assets	(46,804)	1,008,832	-	962,028	(695,038)	-	266,990
FX gains/losses	-	-	-	-	(96,708)	-	(96,708)
Sub-total	1,335,544	1,438,111	(359,810)	2,413,845	(843,057)	(251,789)	1,318,999
Unrecognised net deferred tax assets	(1,335,544)	(1,438,111)	359,810	(2,413,845)	843,057	251,789	(1,318,999)
Tax assets	-	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

5. INCOME TAX (continued)

(b) Deferred Tax Assets (continued)

Deferred tax assets are attributable to the following:

	Assets		Liabilities		Net	
	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
Provisions	283,630	512,439	-	-	283,630	512,439
Accruals	361,649	468,338	-	-	361,649	468,338
Share issue costs through equity	460,969	712,758	-	-	460,969	712,758
Property, plant and equipment	146,154	18,012	(103,685)	(259,730)	42,469	(241,718)
Intangible assets	266,990	962,028	-	-	266,990	962,028
FX gains/losses	-	-	(96,708)	-	(96,708)	-
Sub-total	1,519,392	2,673,575	(200,393)	(259,730)	1,318,999	2,413,845
Set off deferred tax liabilities	(200,393)	(259,730)	-	-	-	-
Unrecognised net deferred tax assets	1,318,999	2,413,845	-	-	(1,318,999)	(2,413,845)
Tax assets	-	-	-	-	-	-

(c) Tax losses

	CONSOLIDATED	
	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
Unused tax losses for which no deferred tax assets have been recognised		
Australian losses	48,787,272	40,637,384
Foreign losses	56,306,036	45,263,784
Sub-total	105,093,308	85,901,168
Potential tax benefit	24,914,675	20,596,193

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

5. INCOME TAX (continued)

(d) Recognition and Measurement

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Tax Consolidation

Anteris Technologies Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. The parent entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts.

In addition to its own current and deferred tax amounts, the parent entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(e) Critical accounting estimates

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

In determining the allocation of proceeds received from LeMaitre Vascular Inc. for the sale of distribution rights for ADAPT® the Group estimated the geographic allocations considering key factors including location of intellectual property, inventory and sales.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

6. FINANCIAL ASSETS AND LIABILITIES

Financial assets	Notes	31 DECEMBER 2020 \$			31 DECEMBER 2019 \$		
		Current	Non-current	Total	Current	Non-current	Total
Cash and cash equivalents							
Cash at bank	6(a)	4,243,354	-	4,243,354	4,577,066	-	4,577,066
Short term deposits	6(a)	111,001	-	111,001	4,391,323	-	4,391,323
Total Cash and cash equivalents		4,354,355	-	4,354,355	8,968,389	-	8,968,389
Trade receivables and other financial assets							
Trade receivables	6(b)	846,157	-	846,157	612,905	-	612,905
Term deposits	6(b)	-	-	-	7,136,740	-	7,136,740
Other receivables	6(b)	738,814	711,144	1,449,958	2,052,288	729,681	2,781,969
Total Trade receivables and other financial assets		1,584,971	711,144	2,296,115	9,801,933	729,681	10,531,614
Total financial assets		5,939,326	711,144	6,650,470	18,770,322	729,681	19,500,003

Financial liabilities	Notes	31 DECEMBER 2020 \$			31 DECEMBER 2019 \$		
		Current	Non-current	Total	Current	Non-current	Total
Trade and other payables							
Trade payables	6(c)	754,679	-	754,679	1,125,609	-	1,125,609
Other payables	6(c)	3,258,390	-	3,258,390	3,795,545	-	3,795,545
Total Trade and other payables		4,013,069	-	4,013,069	4,921,154	-	4,921,154
Deferred consideration							
Provision for deferred settlement	6(d)	400,000	-	400,000	400,000	396,165	796,165
Total Deferred consideration		400,000	-	400,000	400,000	396,165	796,165
Borrowings							
Borrowings	6(e)	2,553,814	-	2,553,814	1,112,641	-	1,112,641
Total Borrowings		2,553,814	-	2,553,814	1,112,641	-	1,112,641
Financial Instruments							
Warrant	6(f)	-	937,609	937,609	-	1,003,425	1,003,425
Total Financial instruments		-	937,609	937,609	-	1,003,425	1,003,425
Total financial liabilities		6,966,883	937,609	7,904,492	6,433,795	1,399,590	7,833,385

6(a) Cash and cash equivalents

Recognition and measurement

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Cash at Bank

These are interest bearing accounts held at bank with average interest rates of 0.12% (31 December 2019: 0.02%).

Short term deposits

These represent interest-bearing short-term deposits held at bank with average interest rate of 0.71% (31 December 2019: 1.86%)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

6. FINANCIAL ASSETS AND LIABILITIES (continued)

6(b) Trade receivables and other financial assets

Recognition and measurement

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are subject to the expected credit loss model. The Company applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period greater than 120 days past due. Impairment losses on trade receivables are presented within operating profit. Subsequent recoveries on amounts previously written off are credited against the same line item.

Other receivables are recognised at amortised cost, less any expected loss allowance.

The allowance for impairment of receivables is assessed by considering the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Refer to Note 12 for information on the risk management policy of the Group.

Term deposits

At 31 December 2020 the Group held \$nil (2019: \$7,136,740) on deposit maturing more than 3 months after the reporting date at an interest rate of nil% (2019: 1.92%). The prior year balance represented USD 5,000,000 maturing 27 May 2020.

Other receivables

Other receivables include \$711,144 (2019: \$1,729,681) due from LeMaitre Vascular Inc. relating to the sale agreement of distribution rights (refer Note 16), prepayments and security deposits for rental of corporate offices.

Trade receivables

As at 31 December 2020, trade receivables of \$155,026 (31 December 2019: \$176,677) were more than 60 days past due but not impaired. These relate to customers for whom there is no recent history of default. A portion of these trade receivables past due but not impaired have been subsequently paid post 31 December 2020 with the remainder still expected to be paid. The ageing analysis of these trade receivables is as follows:

	Gross amount		Allowance for expected credit losses		Carrying amount	
	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
Not overdue	317,427	235,303	-	-	317,427	235,303
Less than 30 days overdue	205,930	106,506	-	-	205,930	106,506
Between 30 and 60 days overdue	167,774	94,419	-	-	167,774	94,419
Between 60 and 90 days overdue	47,479	100,539	-	-	47,479	100,539
Over 90 days overdue	163,630	201,439	56,083	125,301	107,547	76,138
Total	902,240	738,206	56,083	125,301	846,157	612,905

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the history of these other classes, it is expected that these amounts will be received. The company provides for expected credit losses on a customer by customer basis.

	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
Opening balance	(125,301)	(4,279)
Additional provisions recognised	(56,083)	(125,301)
Receivables written off as uncollectable	125,301	4,279
Unused amounts reversed	-	-
Closing balance	(56,083)	(125,301)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

6. FINANCIAL ASSETS AND LIABILITIES (continued)

6(c) Trade and other payables

Recognition and measurement

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Refer to Note 12 for information on the risk management policy of the Group.

6(d) Deferred consideration

The deferred consideration balance relates to the acquisition by Anteris Technologies Ltd of the remaining 11.13% of the shares in Regen Pty Ltd and the settlement of associated Federal Court proceedings. As a result of the settlement, the Group owns 100% of Anteris Technologies' regenerative tissue technology ADAPT®. The value of the remaining deferred consideration is \$400,000, which was paid in January 2021.

6(e) Financial liabilities - borrowings

	CONSOLIDATED	
	31 DECEMBER 2020	31 DECEMBER 2019
	\$	\$
Borrowings - current	2,621,596	1,216,098
Capitalised borrowing costs	(67,782)	(103,457)
	<u>2,553,814</u>	<u>1,112,641</u>

Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

On 8 May 2019 the Company entered into a facility agreement with Sio Partners, LP (Sio) for a secured debt facility of AUD\$ 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 AUD\$ 125,000 which has been capitalised to the loan. The principal interest and facility fee are all repayable on maturity of the loan. On 16 October 2020 the Company announced that this facility had been extended until 15 December 2021. The terms and conditions include the ability of the lender to seek repayment of the outstanding balance in the event the Company completes a capital or other transaction generating in excess of \$5m. There was no change to the interest rate.

On 31 December 2020 the Company entered into a short-term facility for the advance of \$1,220,000 equivalent to its forecasted research and development (R&D) tax incentive offset for the 10 months ended 31 October 2020. The facility was provided by Mitchell Asset Management Pty Ltd and incurs interest at a rate of 1.15% per month for the period of the facility. The company may repay this facility at any time with a minimum three-month effective interest term.

6(f) Financial liabilities - warrant

Recognition and measurement

The warrant is a derivative with changes in fair value recognised in the profit or loss. Refer below for the method and assumptions used in determining fair value of the derivative.

In conjunction with receiving a loan facility from Partners For Growth in October 2017, Anteris Technologies issued PFG a 7-year warrant for the issue of 49,388 ordinary shares in the Company at an exercise price of AUD\$25 per share. The warrant expires on 26 October 2024. The holder of the warrant also has the option to put the warrant to the Company for AUD\$1,500,000 on expiry or on the occurrence of certain events. Both these components need to be considered when determining the valuation of the warrant.

The value of the call option component of the warrant in relation to the issue of the shares has been determined using a Black Scholes pricing model that incorporates a share price hurdle. The share price hurdle reflects the fact the call option will only be exercised in circumstances where the value that can be derived from exercising the call option exceeds the value that can be derived from the put option. The value of the put option is determined having regard to a discounted cash flow methodology to calculate its risk-adjusted present value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

6. FINANCIAL ASSETS AND LIABILITIES (continued)

6(g) Cash flow information

Reconciliation of Loss After Income Tax to Net Cash Outflow from Operating Activities

	CONSOLIDATED	
	31 DECEMBER 2020	31 DECEMBER 2019
	\$	\$
Loss for the year	(15,274,534)	(6,181,382)
Adjustments for		
Depreciation and amortisation expense	1,212,578	1,616,448
Impairment of Property, Plant & Equipment	-	1,036,515
Impairment of goodwill	-	3,442,134
Non-cash interest/investment income	(69,693)	(500,000)
Non-cash share expense - share based payments	420,207	360,799
Non-cash interest expense	289,650	201,662
Fair value of movement of warrant	(65,816)	170,546
Foreign exchange differences	584,338	782,364
Gain on sale of distribution rights	-	(20,287,867)
Gain on sale of part of Infusion business	-	(4,626,403)
Transfer (from)/to term deposits reported in investing activities	(7,508,636)	7,136,740
Sundry	(24,757)	(236,067)
Change in operating assets and liabilities:		
(Increase)/decrease in receivables ⁽¹⁾	5,872,900	(5,204,896)
Decrease/(increase) in inventories ⁽¹⁾	1,119,021	2,034,096
(Decrease)/increase in creditors ⁽¹⁾	(908,085)	(2,255,546)
(Decrease)/increase in other provisions ⁽¹⁾	(20,335)	(356,441)
Net cash outflow from operating activities	(14,373,162)	(22,867,298)

(1) Includes working capital adjustments for gains on sale of distribution rights and part sale of Infusion business.

Non-cash investing and financing activities

The Group has no non-cash investing and financing activities.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	CONSOLIDATED	
	31 DECEMBER 2020	31 DECEMBER 2019
	\$	\$
Opening balance - Borrowings	1,112,641	-
Changes from financing cash flows		
Proceeds from borrowings	1,220,000	1,000,000
Term facility transaction costs	(31,150)	(61,223)
Total changes from financing cash flows	1,188,850	938,777
Other changes		
Term facility transaction costs	-	(125,000)
Transaction costs accrued into borrowings	30,000	125,000
Non-cash interest expense	155,498	91,098
Interest expense (amortisation of borrowing costs)	96,296	82,766
Facility costs accrued	(29,471)	-
Total other changes	252,323	173,864
Closing balance - Borrowings	2,553,814	1,112,641

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

7. NON-FINANCIAL ASSETS AND LIABILITIES

Non-Financial assets	Notes	31 DECEMBER 2020 \$			31 DECEMBER 2019 \$		
		Current	Non-current	Total	Current	Non-current	Total
Inventory	7(a)	693,464	-	693,464	1,812,485	-	1,812,485
Other assets	7(b)	1,460,000	-	1,460,000	-	-	-
Property, plant and equipment	7(c)	-	1,372,318	1,372,318	-	1,590,132	1,590,132
Right-of-use assets	7(d)	-	1,058,727	1,058,727	-	1,401,798	1,401,798
Intangible assets	7(e)	-	1,416,323	1,416,323	-	1,699,391	1,699,391
Total non-financing assets		2,153,464	3,847,368	6,000,832	1,812,485	4,691,321	6,503,806

Financial liabilities	Notes	31 DECEMBER 2020 \$			31 DECEMBER 2019 \$		
		Current	Non-current	Total	Current	Non-current	Total
Provisions							
Employee benefit provisions	7(f)(i)	472,601	59,405	532,006	528,099	28,263	556,362
Lease make good provisions	7(f)(ii)	-	578,449	578,449	-	574,428	574,428
Total Provisions		472,601	637,854	1,110,455	528,099	602,691	1,130,790
Lease Liabilities	7(g)	399,940	829,201	1,229,141	340,204	1,164,372	1,504,576
Total non-financing liabilities		872,541	1,467,055	2,339,596	868,303	1,767,063	2,635,366

7(a) Inventories

	CONSOLIDATED	
	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
Raw materials – at cost	262,979	231,033
Work in progress – at cost	243,013	915,317
Finished goods – at cost	187,472	1,174,217
	693,464	2,320,567
Provision for write-down of inventory	-	(508,082)
	693,464	1,812,485

Inventory expense

The write-down of inventories to net realisable value recognised as an expense during the year ended 31 December 2020 amounted to \$104,892 (31 December 2019: \$755,131).

Recognition and measurement

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a weighted average cost formula. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Critical accounting estimates

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of allowance is assessed by considering the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

7(b) Other assets

Other assets include \$1,420,000 refund for research and development tax incentive from the Australian Tax Office (2019: \$nil.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

7. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

7(c) Property, plant and equipment

	CONSOLIDATED					
	31 DECEMBER 2020			31 DECEMBER 2019		
	Plant and equipment	Software	Total	Plant and equipment	Software	Total
	\$	\$	\$	\$	\$	\$
Plant & equipment						
Cost	4,871,512	93,440	4,964,952	5,298,968	1,760,537	7,059,505
Accumulated depreciation	(3,499,194)	(93,440)	(3,592,634)	(3,588,218)	(844,640)	(4,432,858)
Impairment	-	-	-	(148,494)	(888,021)	(1,036,515)
Net book amount	1,372,318	-	1,372,318	1,562,256	27,876	1,590,132
Reconciliation						
Opening net book amount	1,562,256	27,876	1,590,132	2,179,973	1,294,759	3,474,732
Additions	288,523	-	288,523	67,162	-	67,162
Disposals	(7,386)	-	(7,386)	(22,876)	-	(22,876)
Impairment	-	-	-	(148,494)	(888,021)	(1,036,515)
Depreciation charge	(465,973)	(27,876)	(493,849)	(513,988)	(385,447)	(899,435)
Exchange rate differences	(5,102)	-	(5,102)	479	6,585	7,064
Closing net book amount	1,372,318	-	1,372,318	1,562,256	27,876	1,590,132

Recognition and measurement

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years
Software	3-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is de-recognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Costs incurred in developing software products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and services and direct payroll related costs of employees' time spent on the project. Software development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Critical accounting estimates

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly because of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off.

Impairment

The prior year impairment of Plant and Equipment related to demonstration items used in the Infusion business which are no longer used following part divestment of the segment. The prior year software impairment related to a digital sales platform that was used in the ADAPT® business and post the sale of distribution rights (refer Note 16) this was considered to have no further value. Both these impaired amounts were written off in the prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

8. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

7(d) Right-of-Use Assets

Recognition and measurement

The Group adopted AASB 16 *Leases* from 1 January 2019 which resulted in almost all leases where Anteris Technologies is the lessee being recognised on the balance sheet and removed the former distinction between operating and finance leases. The new standard requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals. The exceptions are short-term leases (being those leases which have a term of 12 months or less or had a remaining term of less than 12 months at the adoption date) and low value leases (being those leases with a value of less than \$5,000).

Critical accounting estimates

Extension and termination options are included in a number of property leases across the group and are an area of judgement. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

	CONSOLIDATED			
	31 DECEMBER 2020			
	Property \$	IT equipment \$	Motor Vehicles \$	Total \$
Right-of-Use Assets				
Cost	1,640,484	119,336	68,520	1,828,340
Accumulated depreciation	(685,323)	(65,257)	(19,033)	(769,613)
Net book amount	955,161	54,079	49,487	1,058,727
Reconciliation				
Opening net book value at 1 January 2020	1,333,786	68,012	-	1,401,798
Additions	-	39,077	68,520	107,597
Disposals	-	-	-	-
Depreciation charge	(365,712)	(50,916)	(19,033)	(435,661)
Exchange rate differences	(12,913)	(2,094)	-	(15,007)
Closing net book amount	955,161	54,079	49,487	1,058,727
	CONSOLIDATED			
	31 DECEMBER 2019			
	Property \$	IT equipment \$	Motor Vehicles \$	Total \$
Right-of-Use Assets				
Cost	1,678,300	115,265	-	1,793,565
Accumulated depreciation	(344,514)	(47,253)	-	(391,767)
Net book amount	1,333,786	68,012	-	1,401,798
Reconciliation				
Opening net book value at 1 January 2019	1,681,606	97,040	-	1,778,646
Additions	-	27,028	-	27,028
Disposals	-	(6,977)	-	(6,977)
Depreciation charge	(343,691)	(49,173)	-	(392,864)
Exchange rate differences	(4,129)	94	-	(4,035)
Closing net book amount	1,333,786	68,012	-	1,401,798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

7. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

7(e) Intangibles

	CONSOLIDATED	
	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
Patents	261,451	295,134
Intellectual property	1,154,872	1,404,257
	1,416,323	1,699,391
Reconciliation - Patents		
Opening net book value	295,134	328,725
Amortisation	(33,683)	(33,591)
Closing net book value	261,451	295,134
Reconciliation – Intellectual property		
Opening net book value	1,404,257	1,653,640
Amortisation	(249,385)	(249,383)
Closing net book value	1,154,872	1,404,257
Reconciliation – Technology Licence		
Opening net book value	-	1,894,016
Amortisation	-	(41,175)
Impairment	-	(1,852,841)
Closing net book value	-	-
Reconciliation – Goodwill		
Opening net book value	-	1,589,293
Impairment	-	(1,589,293)
Closing net book value	-	-

Critical accounting estimates

The consolidated entity tests goodwill and other indefinite life intangible assets annually, or more frequently if events or changes in circumstances indicate impairment. The recoverable amounts of cash-generating units are determined based on either value-in-use calculations or fair value less cost of disposal. Value-in-use calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate several key estimates and assumptions.

Impairment assessment of technology licence and goodwill

The value of the technology licence and goodwill from the Admedus Vaccines transaction were subject to impairment testing at 31 December 2018 with no impairment arising as the recoverable amount was in excess of the associated cash generating unit. Following the termination of the share sale agreement for Admedus Vaccines in April 2019 it was determined that these assets were impaired and they were written down to \$nil in the year ended 31 December 2019 (impairment expense of \$3,442,134).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

7. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

7(e) Intangibles (continued)

Impairment assessment of intellectual property and patents

For patents and intellectual property, fair value was determined using a form of the income approach, known as the relief-from-royalty method. This method estimates the net revenue expected to be generated multiplied by the royalty rate (in this case 5%), adjusting for tax and discounting these cashflows (15%-25%) to present value. As a result of our testing no impairment arose.

Recognition and measurement

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised, up to the stage of commercialisation, when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity can use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of up to 20 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

7. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

7(f) Provisions

(i) Employee benefits

The current provision for employee benefits includes accrued annual leave, vesting sick leave and long service leave.

(ii) Lease make-good

The lease make good provision relates to the removing of lease hold improvements including laboratories and clean rooms in accordance with the lease agreements. The provision is based on an independent valuation.

Critical accounting estimate

The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

(iii) Recognition and measurement

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation due to a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The entity recognises termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

7. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

7(g) Lease Liabilities

Recognition and measurement

From 1 January 2019, leases where Anteris Technologies is the lessee are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Critical accounting estimates

On adoption of AASB 16 *Leases* on 1 January 2019, the Group recognised lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to lease liabilities on 1 January 2019 was 14.75%.

Extension and termination options are included in a number of property leases across the group and are an area of judgement. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

	CONSOLIDATED			
	31 DECEMBER 2020			
	Property	IT	Motor	Total
	\$	equipment	Vehicles	\$
	\$	\$	\$	\$
Current lease liabilities	351,732	36,242	11,966	399,940
Non-current lease liabilities	761,354	21,265	46,582	829,201
Total	1,113,086	57,507	58,548	1,229,141
Reconciliation				
Opening net value at 1 Jan 2020	1,433,056	71,520	-	1,504,576
Additions	-	39,077	68,519	107,596
Disposals	-	-	-	-
Principal repaid	(301,955)	(52,145)	(9,971)	(364,071)
Exchange rate differences	(18,015)	(945)	-	(18,960)
Closing net book amount	1,113,086	57,507	58,548	1,229,141
	CONSOLIDATED			
	31 DECEMBER 2019			
	Property	IT	Motor	Total
	\$	equipment	Vehicles	\$
	\$	\$	\$	\$
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
Reconciliation				
Opening net value at 1 Jan 2019	1,681,606	97,040	-	1,778,646
Additions	-	27,028	-	27,028
Disposals	-	(7,179)	-	(7,179)
Principal repaid	(246,931)	(42,686)	-	(289,617)
Exchange rate differences	(1,619)	(2,683)	-	(4,302)
Closing net book amount	1,433,056	71,520	-	1,504,576

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

8. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Consolidated – 31 December 2020				
<i>Liabilities</i>				
Warrant	-	937,609	-	937,609
Total liabilities	-	937,609	-	937,609
Consolidated – 31 December 2019				
<i>Liabilities</i>				
Warrant	-	1,003,425	-	1,003,425
Total liabilities	-	1,003,425	-	1,003,425

The carrying amounts of other financial assets and liabilities not measured at fair value are assumed to approximate their fair values.

Recognition and measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Critical accounting estimates

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

9. CONTRIBUTED EQUITY

	SHARES		\$	
	31 DECEMBER 2020	31 DECEMBER 2019	31 DECEMBER 2020	31 DECEMBER 2019
(a) Share Capital				
Ordinary shares				
Fully paid	6,227,258	590,842,803	138,740,016	137,757,528

	Date	Notes	No. shares	Issue Price	\$
(b) Movements in Ordinary Share Capital					
Details					
Balance	01/01/19		589,941,088		137,737,211
Exercise of options		(a)	1,715	0.08	137
Share placement to consultants		(b)	900,000	0.068	61,200
Transaction costs			-		(41,020)
Balance	31/12/19		590,842,803		137,757,528
Exercise of options		(c)	14	0.08	1
Effect of 1:100 consolidation of shares		(d)	(584,932,513)		-
Share placement		(e)	316,954	3.37	1,068,142
Transaction costs			-		(85,655)
Balance	31/12/20		6,227,258		138,740,016

(a) Exercise of options

On 18 January 2019, 1,715 options issued under the December 2018 rights issue were exercised at a price of \$0.08 per share.

(b) Share placement to consultants

Between 30 August 2019 and 6 September 2019, 900,000 shares were issued as compensation for expert advisory services received. No amounts were payable for the issue of the ordinary shares.

(c) Exercise of options

On 9 January 2020, 14 options issued under the December 2018 rights issue were exercised at a price of \$0.08 per share.

(d) Consolidation of securities

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.

(e) Share Placement to new investors

On 29 December 2020, new investors made an investment in the Group of 316,954 shares at \$3.37 per share.

(f) Recognition and measurement

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

9. CONTRIBUTED EQUITY (Continued)

(g) Capital Risk Management

The Company's objective when managing capital is to safeguard the ability to continue as a going concern and to provide returns for shareholders and benefits for other stakeholders and to maintain capital structure to reduce the cost of capital. The Board and Executive have developed a detailed Capital Management Plan to set the short to medium strategy on the management of the Company's capital.

The Board of Directors monitors capital as part of each Board meeting or more frequently as required. No formal targets are in place for return on capital or gearing.

10. EQUITY – RESERVES

	CONSOLIDATED	
	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
(a) Reserves		
Share based payments	5,757,371	5,337,164
Other reserve	(7,243,027)	(7,243,027)
Foreign currency translation reserve	(74,566)	(818,561)
	(1,560,222)	(2,724,424)

Reconciliation - Share based payment	Date	No. options/ warrants	Valuation \$	\$
Balance	01/01/2019	17,944,215		4,976,365
Unlisted options issued		775,000	0.02	6,733
Unlisted options issued		3,188,831	0.05	96,212
Unlisted options issued		820,000	0.05	13,060
Unlisted options issued		300,000	0.05	2,767
Unlisted options cancelled		(5,181,610)		
Share based payments expense / (credit)				242,027
Balance	31/12/2019	17,846,436		5,337,164
Effect of 1:100 consolidation of shares (refer Note 9 (d))		(17,723,556)	-	-
Unlisted options issued		435,000	1.12	247,687
Unlisted options issued		3,750	2.10	2,107
Unlisted options issued		500	3.49	469
Unlisted options issued		250	2.39	65
Unlisted options issued		400	2.35	49
Unlisted options cancelled		(32,212)		
Share based payments expense / (credit)				169,830
Balance	31/12/2020	530,568		5,757,371

Note: In addition to the options and warrant noted above, Anteris Technologies issued Partners for Growth a 7-year warrant for the issue of 49,388 post-consolidation ordinary shares in the Company at an exercise price of AUD \$25 per share in October 2017. Refer to note 6(f) for further information on this warrant. Refer note 20 for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

10. EQUITY – RESERVES (continued)

	CONSOLIDATED	
	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
Reconciliation – Foreign currency translation reserve		
Opening balances	(818,561)	(674,726)
Foreign exchange on subsidiaries	743,995	(143,835)
Closing balance	(74,566)	(818,561)

(b) Nature and purpose

The share-based payments reserve is used to recognise the change in equity associated with a share-based payment.

The other reserve reflects the additional consideration paid by the Company to acquire a portion of the remaining non-controlling interests of a subsidiary.

The foreign currency translation reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars, in addition to exchange differences on an entity's net investment in foreign operations.

11. LOSS PER SHARE

	CONSOLIDATED	
	31 DECEMBER 2020 Number	31 DECEMBER 2019 Number
(a) Weighted Average Number of Shares Used as the Denominator		
Weighted average number of ordinary shares used in the denominator in calculating basic loss per share ⁽¹⁾	5,912,900	5,902,468
Adjustment for calculation of diluted loss per share:		
Options	-	-
Weighted average number of ordinary shares used in the denominator in calculating diluted loss per share	n/a	n/a
(b) Loss Used in Calculating Loss Per Share	(15,274,534)	(5,819,673)
	Cents	Cents
Basic loss per share ⁽¹⁾	258.3	99.0
Diluted loss per share	n/a	n/a

(1) Restated for the effects of the 1:100 share consolidation. Refer note 9 (d).

(c) Information concerning classification of securities

Options:

Only listed or unlisted options of Anteris Technologies Ltd that were in excess of the average market share price of the Company during the period have been included in the determination of diluted loss per share.

Details relating to options granted under the Anteris Technologies Employee Share Option Plan (ESOP) are outlined in Note 20(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

12. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks (including interest rate risk, credit risk and liquidity risk). The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, ageing analysis for credit risk and review of foreign exchange risk.

Risk management is carried out by the Board of Directors with assistance from suitably qualified external advisors. Interest rate risk is managed for financial assets by investing in higher yielding term deposits with large financial institutions. Credit risk is monitored by regular age analysis of debtors as well as the initial assessment of the credit worthiness of counterparties.

The Group and the Company hold the following financial instruments:

	CONSOLIDATED	
	31 DECEMBER 2020	31 DECEMBER 2019
	\$	\$
Financial assets		
Cash and cash equivalents	4,354,355	8,968,389
Trade and other receivables	2,296,115	10,531,614
	6,650,470	19,500,003
Financial liabilities		
Trade and other payables	4,013,069	4,921,154
Deferred consideration	400,000	796,165
Borrowings	2,621,596	1,216,098
Lease liabilities	1,229,141	1,504,576
Warrant	937,609	1,003,425
	9,201,415	9,441,418
Net financial assets	(2,550,945)	10,058,585

The Group's principal financial instruments comprise cash and short-term deposits.

The main purpose of the financial instruments is to fund the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group are cash flow (interest rate risk, liquidity risk and credit risk). The Board reviews and agrees policies for managing each of these risks and they are summarised as follows:

(a) Market Risk

Cash flow and interest rate risk

The Group's primary interest rate risk arises from cash and cash equivalents held. Term deposits and current accounts held with variable interest rates expose the Group to cash flow interest rate risk. To mitigate this risk the Group places cash not required for immediate or short-term operational requirements on deposit for varying lengths in order to maximise interest returns and achieve greater certainty over returns.

The following sets out the Group's exposure to interest rate risk, including the effective weighted average interest rate by maturity periods:

	Note	Weighted average interest rate	Total \$
31 December 2020 Consolidated			
Financial assets			
Cash and cash equivalents	6(a)	0.13%	4,354,355
Term deposits greater than 3 months	6(b)	-	-
			4,354,355
31 December 2019 Consolidated			
Financial assets			
Cash and cash equivalents	6(a)	0.92%	8,968,389
Term deposits greater than 3 months	6(b)	1.92%	7,136,740
			16,105,129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

12. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

Cash flow and interest rate risk (continued)

Sensitivity

At 31 December 2020, if interest rates had increased by 50 basis points or decreased by 50 basis points from the period end rates with all other variables held constant, the impact on post-tax loss for the period based on the average cash balance would have been \$21,217 lower/\$21,217 higher (31 December 2019 changes 50 basis points: \$52,512 lower/ \$52,512 higher), mainly because of higher/lower interest income from cash and cash equivalents.

(b) Credit Risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The credit risk of new customers is assessed at the time of a proposed transaction and is then regularly monitored by line management.

(c) Foreign currency risk management

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

The Group regularly monitors the level of foreign currency exposure and where appropriate, considers the use of foreign exchange contracts to manage significant exposures. There were no foreign exchange contracts entered at 31 December 2020 (31 December 2019: nil).

The following table includes the financial assets and liabilities denominated in currencies other than the functional currency of the respective entities and presents the Group's exposure to foreign exchange risk at the end of the reporting period, expressed in Australian Dollars. The Group's manufacturing facilities are based in Australia and post the transaction with LeMaitre Vascular in October 2019 the sales for the ADAPT® Business (refer Note 16) are denominated in USD, EUR and AUD and create an AUD denominated foreign exchange risk in the overseas entities. Some suppliers are based overseas and cash and cash equivalents may be held in foreign currencies, creating a USD and EUR foreign exchange risk in the Australian entities.

At 31 December 2020	Cash and cash equivalents	Trade and other receivables	Trade and other payables	Net Related party payables	Total
	\$	\$	\$	\$	\$
USD	838,898	552,385	(66,335)	-	1,324,948
GBP	3,481	4,346	-	-	7,827
CHF	54,319	-	1,532	-	55,851
EUR	-	55,234	(5,240)	-	49,994
AUD	-	-	-	(9,973,404)	(9,973,404)

Based on the 2020 balances, a 10% stronger/(weaker) Australian dollar against the currencies held, would result in a Profit & Loss impact of \$780,434/ (\$969,293).

At 31 December 2019	Cash and cash equivalents	Trade and other receivables	Trade and other payables	Net Related party payables	Total
	\$	\$	\$	\$	\$
USD	8,425,712	7,305,349	(175,444)	-	15,555,617
GBP	45,864	29,026	-	-	74,890
CHF	23,880	-	(17,382)	-	6,498
EUR	-	-	(72,088)	-	(72,088)
AUD	-	-	-	(10,668,764)	(10,668,764)

Based on the 2019 balances, a 10% stronger/(weaker) Australian dollar against the currencies held, would result in a Profit & Loss impact of \$468,248/ (\$398,838).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

12. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity and debt funding.

The Group's exposure to the risk of changes in market interest rates relates primarily to cash assets and floating interest rates. The Group does not have significant interest-bearing liabilities and is not materially exposed to changes in market interest rates.

The Directors monitor the cash-burn rate of the Group on an ongoing basis against budget. The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal terms of creditor payments. The Company has also issued a warrant which expires on 26 October 2024. The holder has the ability to convert the warrant to shares or to put that warrant to the Company for \$1,500,000.

On 16 October 2020, the Company announced it had extended a loan facility originally entered into with Sio Partners LP (Sio) for a secured debt facility of AUD\$ 1 million on 8 May 2019. The extension runs until 15 December 2021. The terms and conditions include the ability of the lender to seek repayment of the outstanding balance in the event the Company completes a capital or other transaction generating in excess of \$5m. The outstanding balance consists of the principal amount loaned, a one-off fee of AUD\$ 125,000 which was capitalised to the loan, and interest charged at a rate of 12% per annum. Refer Note 19 for further details.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months \$	6-12 months \$	1-2 years \$	2-5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount liabilities \$
Group – At 31 December 2020							
Non-derivatives							
Trade and other payables	4,013,069	-	-	-	-	4,013,069	4,013,069
Borrowings	1,220,000	1,401,596	-	-	-	2,621,596	2,621,596
Lease liabilities	284,592	280,943	557,400	409,589	-	1,532,524	1,229,141
Deferred consideration	400,000	-	-	-	-	400,000	400,000
Total non-derivatives	5,917,661	1,682,539	557,400	409,589	-	8,567,189	8,263,806
Derivatives							
Warrant	-	-	-	1,500,000	-	1,500,000	937,609
Total derivatives	-	-	-	1,500,000	-	1,500,000	937,609
Group – At 31 December 2019							
Non-derivatives							
Trade and other payables	4,921,154	-	-	-	-	4,921,154	4,921,154
Borrowings	-	1,216,098	-	-	-	1,216,098	1,216,098
Lease liabilities	275,215	263,907	531,318	891,808	-	1,962,248	1,504,576
Deferred consideration	400,000	-	400,000	-	-	800,000	796,165
Total non-derivatives	5,596,369	1,480,005	931,318	891,808	-	8,899,500	8,437,993
Derivatives							
Warrant	-	-	-	1,500,000	-	1,500,000	1,003,425
Total derivatives	-	-	-	1,500,000	-	1,500,000	1,003,425

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

12. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair Value Estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of receivables as well as trade payables are assumed to approximate their fair values due to their short-term nature.

The consolidated entity's principal financial instruments consist of cash and deposits with banks, accounts receivable, trade payables and loans payable. The main purpose of these non-derivative financial instruments is to finance the entity's operations.

13. CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy.

Name of entity	Class of share	Country of Incorporation	Equity Holding	
			31 December 2020 %	31 December 2019 %
Accounting Parent Entity				
Admedus Investments Pty Limited	Ordinary	Australia	100	100
Legal Parent Entity				
Anteris Technologies Ltd	Ordinary	Australia	-	-
Controlled Entities				
Admedus (NZ) Limited	Ordinary	New Zealand	100	100
Admedus (Australia) Pty Limited	Ordinary	Australia	100	100
Admedus Regen Pty Limited	Ordinary	Australia	100	100
Anteris Technologies Corporation	Ordinary	USA	100	100
Admedus Vaccines Pty Limited	Ordinary	Australia	-	-(1)
Admedus Sarl	Ordinary	Switzerland	100	100
Admedus Biomanufacturing Pty Ltd	Ordinary	Australia	100	100
Admedus (Singapore) Pte. Ltd.	Ordinary	Singapore	100	100

The proportion of ownership interest is equal to the proportion of voting power held.

- (1) Admedus Vaccines Pty Limited was derecognised from the Group consolidated accounts on 23 April 2019. As at 31 December 2019 and 31 December 2020 this is no longer a controlled entity although Anteris Technologies Ltd maintains a 72.8% interest.

14. NON-CONTROLLING INTEREST

Following the termination of the share sale agreement for Admedus Vaccines Pty Limited in April 2019, and with no other immediate source of funding available for ongoing operations, the Admedus Vaccines Pty Limited board of directors appointed an administrator pursuant to section 436A of the Corporations Act 2001. The administration event constituted a loss of control and the subsidiary's net assets and non-controlling interest were deconsolidated at this point. The subsidiary was subsequently placed into liquidation in June 2019. On deconsolidation, \$386,588 of net liabilities and \$361,709 of non-controlling interest in equity was derecognised through the Statement of Profit or Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

14. NON-CONTROLLING INTEREST (continued)

	Admedus Vaccines Pty Ltd	
	12 MONTHS TO 31 DECEMBER 2020 \$	12 MONTHS TO 31 DECEMBER 2019 \$
Revenue	-	-
Profit/(loss) for the period/Total comprehensive profit/(loss)	-	176,145
Profit/(loss) allocated to non-controlling interests	-	47,859
Cash flows from operating activities	-	(650,742)
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net decrease in cash and cash equivalents	-	(650,742)

(a) Transactions with non-controlling interests

There were no transactions with non-controlling interests in the year ended 31 December 2020 (31 December 2019: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

15. PARENT ENTITY INFORMATION

The following details information related to the legal parent entity, Anteris Technologies Ltd, at 31 December 2020. The information presented here has been prepared using consistent Anteris Technologies' accounting policies.

	THE COMPANY	
	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
Current assets	5,871,675	17,272,471
Non-current assets	14,635,654	14,703,308
Total assets	20,507,329	31,975,779
Current liabilities	(12,789,823)	(3,281,260)
Non-current liabilities	(11,582,779)	(13,189,131)
Total liabilities	(24,372,602)	(16,470,391)
Contributed equity	163,059,069	162,116,580
Reserves	(19,509,737)	(7,907,697)
Accumulated losses	(138,703,495)	(132,571,884)
Loss for the year	(8,711,110)	(6,131,611)
Total equity	(3,865,273)	15,505,388
	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
Statement of comprehensive income	\$	\$
Loss for the year	(8,711,110)	(6,131,611)
Other comprehensive loss for the year	-	-
Total comprehensive loss for the year	(8,711,110)	(6,131,611)

Contingent liabilities of the parent entity

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

Commitments of the parent entity

Total expenditure commitments at reporting date not provided for in the financial statements:

	CONSOLIDATED	
	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
Operating Lease Commitments		
Future operating lease commitments not provided for in the financial statements and payable:		
Within one year	5,680	8,420
Later than one year but no later than five years	-	-
Later than five years	-	-
	5,680	8,420

The Company leases office space in Brisbane and has several leases for IT equipment. The Company adopted AASB 16 Leases during the year ended 31 December 2019 and consequently leases previously classified as operating leases were brought onto the Statement of Financial Position. Commitments above relate to leases that were not brought onto the Statement of Financial Position.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

16. GAIN ON SALE OF DISTRIBUTION RIGHTS

Anteris Technologies sold the distribution rights to its CardioCel® and VasculCel® product range to LeMaitre Vascular Inc. on 11 October 2019. Anteris Technologies will continue to manufacture the products for up to three years from 11 October 2019 with a set margin above cost while retaining control on all intellectual property for the underlying ADAPT® technology, enabling Anteris Technologies to continue product development and focus on advancing its Transcatheter Aortic Valve Replacement (TAVR) programme. The gain on sale of reflects the proceeds less the net assets transferred to LeMaitre Vascular Inc. Assets transferred primarily included inventory.

A gain on sale of AUD \$20,287,867 was recognised in the financial statements for the year ended 31 December 2019. This consists of the upfront payment, two instalments receivable after 12 and 36 months and the cash received for completion of all reporting procedures by 31 October 2019; offset by the value of inventory transferred and other linked transactional costs.

Additionally, the Company may receive the following receipts under the contract:

- \$US2.0 million on obtaining certain regulatory approvals under European Medical Devices Directorate Regulation
- \$US0.5 million on Anteris Technologies completing all testing and documentation to extend the shelf life of the CardioCel® and VasculCel® products from 36 months to at least 60 months in the United States
- Up to \$US2.5 million if gross revenue from LeMaitre CardioCel® and VasculCel® product sales exceed \$US30.0 million in the second 12 months or \$US1.2 million if gross revenue from product sales exceed \$US22.5 million in the second 12 months.

These contingent receipts included within the contract have not been recognised as revenue as it is too early to determine that these amounts are highly probable to be received.

The Company had the potential to receive up to \$US2.5 million if gross revenue from LeMaitre CardioCel® and VasculCel® product sales exceeded \$US20.0 million in the first 12 months or \$US1.2 million if gross revenue from product sales exceed \$US15.0 million in the first 12 months. These targets were not met and the Company did not receive any payments in respect of this.

17. COMMITMENTS

Total expenditure commitments at reporting date not provided for in the financial statements

	CONSOLIDATED	
	31 DECEMBER 2020	31 DECEMBER 2019
	\$	\$
Operating Lease Commitments		
Future operating lease commitments not provided for in the financial statements and payable:		
Within one year	8,356	17,186
Later than one year but no later than five years	1,657	-
Later than five years	-	-
	10,013	17,186

The Group adopted AASB 16 Leases on 1 January 2019 and consequently leases previously classified as operating leases have been brought onto the Consolidated Statement of Financial Position. Commitments above relate to leases that have not been brought onto the Consolidated Statement of Financial Position due to being short-term leases (being those leases which have a term of 12 months or less or had a remaining term of less than 12 months at the adoption date) and low value leases (being those leases with a value of less than \$5,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

18. CONTINGENT LIABILITIES

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

19. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 6 January 2021 the Company announced a funding package of up to \$20 million principally for the Company's TAVR research and development including general working capital expenses. This facility was provided by Mercer Street Global Opportunity Fund, LLC, a New York based investment fund ("Mercer").

The facility includes:

- \$1 million placement of new shares at an issue price equal to \$3.43 (equal to 90% of the five-day Volume Weighted Average Price (VWAP) prior to Anteris entering trading halt on 23 December 2020);
- \$1.5 million convertible note on closing with a further \$1 million convertible note available subject to shareholder approval;
- \$16.5 million in a discretionary drawdown facility subject to the Company having available placement capacity in accordance with the ASX listing rules or otherwise seeking shareholder approvals. The interest held by Mercer in Anteris is capped at 4.99% (except in respect of the initial investment) unless Mercer gives its written consent and in that case is not to exceed 9.99% unless Mercer otherwise agrees. This will initially limit the drawdown extent of the above facilities.

Other than the above event, 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.

20. SHARE BASED PAYMENTS

(a) Employee Share Options

On 20 March 2020 following approval by shareholders at the Extraordinary General Meeting on 26 February 2020, the Company issued 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 ('EGM Options'). These options expire after 5 years and 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. These options were not awarded as part of the existing Employee Incentive Plan. Due to the performance conditions attached, these options have been valued under the Monte Carlo simulation model.

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 key terms of the EIP Options include:

- Options are issued to selected Eligible Employees for nil cost;
- The allotment of options is at the discretion of the Board of Directors;
- Shares allotted on the exercise of the options are to be issued at an exercise price determined by the Board in its absolute discretion;
- Options expire 5 years after the grant date under the new plan, and 10 years under the old plan;
- Options are unlisted and not transferable unless the Directors in their absolute discretion agree to a transfer; and
- Options carry no dividend rights or voting rights.

The Company granted 4,900 staff options over ordinary shares in the Company under the EIP during the year to 31 December 2020 (year to 31 December 2019: 50,868 restated to post consolidation number of shares). 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.
- the Company granted 250 options at an exercise price of \$4.00.
- the Company granted 400 options at an exercise price of \$3.94.

32,212 options were cancelled or lapsed during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

20. SHARE BASED PAYMENTS (continued)

(a) Employee Share Option Plan (continued)

Set out below are summaries of options granted by Anteris Technologies Ltd:

Grant date	Expiry date	Exercise price ⁽¹⁾ \$	Balance at start of the period Number	Effect of 1:100 share consolidation	Granted during the period Number	Forfeited during the period Number	Lapsed during the period Number	Balance at end of the period Number	Value at grant date ⁽¹⁾ \$
31 December 2020									
30/06/2015	30/06/2020	117.00	1,300,000	(1,287,000)	-	(250)	(12,750)	-	43.00
21/07/2015	21/07/2020	144.00	635,000	(628,650)	-	(1,000)	(5,350)	-	41.00
10/12/2015	10/12/2020	83.00	425,000	(420,750)	-	-	(4,250)	-	58.00
10/12/2015	10/12/2020	139.00	200,000	(198,000)	-	-	(2,000)	-	52.00
24/06/2016	24/06/2021	30.00	50,000	(49,500)	-	-	-	500	16.00
18/11/2016	18/11/2021	34.00	66,667	(66,000)	-	-	-	667	21.00
23/03/2017	23/03/2022	34.00	100,000	(99,000)	-	-	-	1,000	20.00
22/09/2017	22/09/2022	26.00	675,000	(668,250)	-	-	-	6,750	15.00
17/11/2017	15/12/2022	22.00	250,000	(247,500)	-	-	-	2,500	13.00
08/06/2018	31/12/2027	30.00	491,670	(486,742)	-	(1,670)	-	3,258	18.00
08/06/2018	31/12/2027	37.00	3,172,598	(3,140,193)	-	(668)	-	31,737	17.00
28/02/2019	02/04/2028	3.60	100,000	(98,998)	-	-	-	1,002	2.00
28/02/2019	10/04/2028	3.60	100,000	(98,998)	-	-	-	1,002	2.00
28/02/2019	02/05/2028	3.60	33,334	(33,000)	-	(334)	-	-	2.00
28/02/2019	16/05/2028	3.60	150,000	(148,500)	-	-	-	1,500	2.00
28/02/2019	29/05/2028	3.60	100,000	(98,998)	-	(1,002)	-	-	2.00
28/02/2019	02/06/2028	3.60	125,000	(123,746)	-	-	-	1,254	2.00
28/02/2019	03/01/2029	3.60	66,668	(66,000)	-	(167)	-	501	2.00
14/05/2019	15/05/2029	5.90	3,188,831	(3,156,941)	-	-	-	31,890	5.00
14/06/2019	12/07/2029	6.80	686,668	(679,790)	-	(2,771)	-	4,107	5.00
30/08/2019	01/09/2029	6.80	300,000	(297,000)	-	-	-	3,000	5.00
20/03/2020	20/03/2025	11.20	-	-	435,000	-	-	435,000	1.12
17/04/2020	17/04/2025	3.50	-	-	3,750	-	-	3,750	5.50
03/06/2020	03/06/2025	7.58	-	-	500	-	-	500	3.49
07/10/2020	07/10/2025	4.00	-	-	250	-	-	250	2.39
27/10/2020	27/10/2025	3.94	-	-	400	-	-	400	2.35
Total			12,216,436	(12,093,556)	439,900	(7,862)	(24,350)	530,568	
Weighted average exercise price			\$70.00	\$40.68	11.12	\$34.64	\$118.80	\$12.67	

(1) Price restated post 1:100 share consolidation. Refer Note 9 (d).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

20. SHARE BASED PAYMENTS (continued)

(a) Employee Share Option Plan (continued)

Grant date	Expiry date	Exercise price \$	Balance at start of the period Number	Granted during the period Number	Forfeited during the period Number	Lapsed during the period Number	Balance at end of the period Number	Value at grant date \$
31 December 2019								
28/03/2014	01/02/2019	2.45	200,000	-	-	(200,000)	-	0.90
21/05/2014	21/05/2019	1.70	800,000	-	-	(800,000)	-	0.75
05/11/2014	05/11/2019	2.10	210,000	-	(100,000)	(110,000)	-	0.70
30/06/2015	30/06/2020	1.17	1,575,000	-	(275,000)	-	1,300,000	0.43
21/07/2015	21/07/2020	1.44	795,000	-	(160,000)	-	635,000	0.41
10/12/2015	10/12/2020	0.83	425,000	-	-	-	425,000	0.58
10/12/2015	10/12/2020	1.39	200,000	-	-	-	200,000	0.52
24/06/2016	24/06/2021	0.30	100,000	-	(50,000)	-	50,000	0.16
18/11/2016	18/11/2021	0.34	66,667	-	-	-	66,667	0.21
23/03/2017	23/03/2022	0.34	450,000	-	(350,000)	-	100,000	0.20
22/09/2017	22/09/2022	0.26	750,000	-	(75,000)	-	675,000	0.15
17/11/2017	15/12/2022	0.22	450,000	-	(200,000)	-	250,000	0.13
08/06/2018	31/12/2027	0.30	2,125,000	-	(1,633,330)	-	491,670	0.18
08/06/2018	31/12/2027	0.37	4,167,548	-	(994,950)	-	3,172,598	0.17
28/02/2019	02/04/2028	0.036	-	100,000	-	-	100,000	0.02
28/02/2019	10/04/2028	0.036	-	100,000	-	-	100,000	0.02
28/02/2019	02/05/2028	0.036	-	100,000	(66,666)	-	33,334	0.02
28/02/2019	16/05/2028	0.036	-	150,000	-	-	150,000	0.02
28/02/2019	29/05/2028	0.036	-	100,000	-	-	100,000	0.02
28/02/2019	02/06/2028	0.036	-	125,000	-	-	125,000	0.02
28/02/2019	03/01/2029	0.036	-	100,000	(33,332)	-	66,668	0.02
14/05/2019	15/05/2029	0.059	-	3,188,831	-	-	3,188,831	0.05
14/06/2019	12/07/2029	0.068	-	820,000	(133,332)	-	686,668	0.05
30/08/2019	01/09/2029	0.068	-	300,000	-	-	300,000	0.05
Total			12,314,215	5,083,831	(4,071,610)	(1,110,000)	12,216,436	
Weighted average exercise price			\$0.70	\$0.06	\$0.45	\$1.87	\$0.41	

(b) Expenses Arising from Share Based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	CONSOLIDATED	
	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
Options issued under employee share option plan	420,207	360,799
Total expenses from share-based transactions	420,207	360,799

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

20. SHARE BASED PAYMENTS (continued)

(b) Expenses Arising from Share Based Payment Transactions (continued)

The fair value at grant date is determined using a Black-Scholes option pricing model that considers the exercise price, the term of the option, 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 these options is determined at grant date under the Monte Carlo simulation model (EGM Options below).

The model inputs for options granted during the period ended 31 December 2020 included:

	EGM Options	Tranche 20A	Tranche 20B	Tranche 20C	Tranche 20D
<i>Exercise price:</i>	\$11.20	\$3.50	\$7.58	\$4.00	\$3.94
<i>Grant date:</i>	20-Mar-20	17-Apr-20	03-Jun-20	07-Oct-20	27-Oct-20
<i>Expiry date:</i>	20-Mar-25	17-Apr-25	03-Jun-25	07-Oct-25	27-Oct-25
<i>Share price at grant date:</i>	\$3.50	\$7.45	\$6.24	\$4.00	\$3.94
<i>Expected price volatility of the Company's shares:</i>	89%	89%	89%	89%	89%
<i>Risk-free interest rate:</i>	0.50%	0.35%	0.30%	0.18%	0.16%
<i>Fair value at grant date:</i>	\$1.12	\$5.50	\$3.49	\$2.39	\$2.35

(c) Fair Value of Options Granted

Tranches 20A to 20D were granted for no consideration and vest 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

20. SHARE BASED PAYMENTS (continued)

(d) Recognition and measurement

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions (excluding those issued following the EGM on 26 February 2020) is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account 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, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

21. RELATED PARTY TRANSACTIONS

(a) Parent Entity

The Legal parent entity within the Group is Anteris Technologies Ltd.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

21. RELATED PARTY TRANSACTIONS (continued)

(c) Key Management Personnel compensation

	31 December 2020 \$	31 December 2019 \$
Short-term employee benefits	3,987,859	4,879,770
Post-employment benefits	85,452	105,373
Termination benefits	-	-
Share based benefits	347,928	310,833
	4,421,239	5,295,976

Compensation of the Group's key management personnel includes salaries and non-cash benefits.

(d) Loans to/from Related Parties

Loan from Sio Capital (shareholder)	CONSOLIDATED	
	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
Beginning of the period	1,216,098	-
Loans advanced	-	1,000,000
Loan repayments made	-	-
Arrangement fee	30,000	125,000
Interest charged	155,498	91,098
Interest paid	-	-
End of the period	1,401,596	1,216,098

On 8 May the Company entered into a facility agreement with Sio Partners, LP (Sio) for a secured debt facility of AUD\$ 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 AUD\$ 125,000 which has been capitalised to the loan. The principal interest and facility fee are all repayable on maturity of the loan. On 16 October 2020 the Company announced that this facility had been extended until 15 December 2021. The terms and conditions include the ability of the lender to seek repayment of the outstanding balance in the event the Company completes a capital or other transaction generating in excess of \$5m. There was no change to the interest rate.

On 4 November 2019 the Group received notice from Sio Capital to convert the Payout Amount into fully paid ordinary shares issued in the capital of Anteris Technologies subject to the approval of Anteris Technologies' shareholders. This conversion was required to be approved by shareholders and was considered and rejected at an Extraordinary General Meeting held on 26 February 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

22. DIVIDENDS

No dividends have been declared or paid during the period.

Recognition and measurement

Dividends are recognised when declared during the financial period and no longer at the discretion of the company.

23. REMUNERATION OF AUDITORS

During the period, the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	CONSOLIDATED	
	12 MONTHS TO 31 DECEMBER 2020 \$	12 MONTHS TO 31 DECEMBER 2019 \$
Audit Services		
HLB Mann Judd (WA Partnership)		
Audit and review of 2020 financial reports and other audit work under the <i>Corporations Act 2001</i>	80,000	78,000
Audit and review of prior year financial reports	26,725	12,500
Other assurance services:		
Assistance with audit of ADAPT® carve-out financial statements to comply with US reporting requirements for LeMaitre transaction	-	9,000
Total remuneration for audit and other assurance services	106,725	99,500
WithumSmith+Brown – Audit of ADAPT® Carve-Out	-	31,050

It is the Group's policy to employ HLB Mann Judd on assignments additional to their statutory audit duties where HLB's and expertise and experience with the Group are important, but only if it would not compromise their independence.

No non-audit services were provided by HLB Mann Judd (WA Partnership) in 2020.

WithumSmith+Brown are a US audit and accounting firm forming part of the HLB International advisory and accounting network (along with HLB Mann Judd). In 2019 they were engaged to audit ADAPT® carve-out financial statements as required for LeMaitre Vascular Inc. to comply with reporting requirements with the US Securities and Exchange Commission in respect of the sale of the distribution rights to the CardioCel® and VascuCel® product range to LeMaitre Vascular Inc. (Refer note 16).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

24. SUMMARY OF ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated group which consists of Anteris Technologies Ltd (Company) and its controlled entities. The Company is a listed, for profit, public company, incorporated and domiciled in Australia.

(a) Statement of compliance

The consolidated financial statements of the Group are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements comply with the Australian equivalents to the International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial reporting, comprising of the financial statements and notes there to, complies with International Financial Reporting Standards ("IFRS"). The consolidated financial statements were authorised for issue on X February 2021.

(b) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity re-measures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at fair value on the acquisition-date. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

24. SUMMARY OF ACCOUNTING POLICIES (continued)

(b) Business combinations (continued)

Reverse Acquisition

In accordance with AASB 3 “Business Combinations”, when Anteris Technologies Ltd (the legal parent) acquired Admedus Investments Pty Limited group (being Admedus Investments Pty Limited and its controlled entities Admedus (Australia) Pty Limited and Admedus (NZ) Limited) (the legal subsidiary), the acquisition was deemed to be a reverse acquisition since the substance of the transaction is that the existing shareholders of Admedus Investments Pty Limited have effectively acquired Anteris Technologies Ltd. Under reverse acquisition accounting, the consolidated financial statements are prepared as if Admedus Investments Pty Limited had acquired Anteris Technologies Ltd and its controlled entity, not vice versa as represented by the legal position.

- In reverse acquisition accounting, the cost of the business is deemed to have been incurred by the legal subsidiary (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent (the acquiree for accounting purposes). However, since the fair value of the equity instruments of the legal subsidiary (Admedus Investments Pty Limited) was not clearly evident at the date which the control was passed, the alternative method was elected (per AASB 3), where the cost of the business combination was determined as the total fair value of all the issued equity instruments of the legal parent (Anteris Technologies Ltd) immediately prior to the business combination.
- In the separate financial statements of the legal parent (Anteris Technologies Ltd), the investment in legal subsidiary (Admedus Investments Pty Limited) was accounted for at cost.

Consequently:

- An exercise is performed to fair value the assets and liabilities of the legal acquirer, Anteris Technologies Ltd;

The cost of the investment held by the legal parent (Anteris Technologies Ltd) in the legal subsidiary (Admedus Investments Pty Limited) is reversed on consolidation and the cost of the reverse acquisition is eliminated on consolidation against the consolidated equity and reserves of Admedus Investments Pty Limited and its consolidated entities at date when control is passed. The effect of this is to restate the consolidated equity and reserves balances to reflect those of Admedus Investments Pty Limited at the date of acquisition;

- The amount recognised as issued equity instruments are determined by adding to the issued equity of the legal subsidiary immediately before the business combination, the cost of the combination; and
- The consolidated financial statements are issued under the name of the legal parent (Anteris Technologies Ltd) but are a continuation of the financial statements of the deemed acquirer (Admedus Investments Pty Limited) under the reverse acquisition rules.

(c) Foreign currency translation

The financial statements are presented in Australian dollars, which is Anteris Technologies Ltd’s functional and presentation currency. Figures presented in the financial report are rounded to the nearest dollar.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximates the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency translation reserve in equity.

The foreign currency translation reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

24. SUMMARY OF ACCOUNTING POLICIES (continued)

(d) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(e) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case, it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(f) Leases

The Group adopted AASB 16 *Leases* from 1 January 2019 which resulted in changes to classification, measurement and recognition of Anteris Technologies' leases. The changes result in almost all leases where Anteris Technologies is the lessee being recognised on the balance sheet and removes the former distinction between operating and finance leases. The new standard requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals. The exceptions are short-term leases (being those leases which have a term of 12 months or less or had a remaining term of less than 12 months at the adoption date) and low value leases (being those leases with a value of less than \$5,000). AASB 16 superseded AASB 117 *Leases*. The Group has adopted AASB 16 using the modified retrospective approach, under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 January 2019. There is no initial impact on accumulated losses under this approach.

The group leases various premises and IT equipment. Until the 2018 financial year, leases were classified as operating leases. Payments made under operating leases (with a term of 12 months or less and low value leases (being those with a value of less than \$5,000) are charged to profit or loss on a straight-line basis over the period of the lease.

(g) New, revised or amending Accounting Standards and Interpretations adopted

Standards and Interpretations applicable to 31 December 2020

The Directors have reviewed all Standards and Interpretations on issue not yet adopted for the period ended 31 December 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.

Any new or Amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

DIRECTORS' DECLARATION

In the opinion of the Directors of the Company:

1. The consolidated financial statements, notes and the Remuneration report in the Directors report are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - (b) giving a true and fair view of the financial position as at 31 December 2020 and of the performance for the financial year ended on that date of the consolidated entity; and
 - (c) complying with International Financial Reporting Standards as disclosed in Note 24(a) to the financial statements.
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 financial year ended 31 December 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 18 February 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Anteris Technologies Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Anteris Technologies Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(a) 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 opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
<p>Carrying value of intangible assets Refer Note 7(e)</p> <p>As at 31 December 2020, the Group has an intangible assets balance of \$1.4 million which relates to its ADAPT technology.</p> <p>Under AASB 136 <i>Impairment of Assets</i>, finite life intangible assets are subject to an impairment test should indicators of impairment arise.</p> <p>As impairment indicators were present, Management conducted a formal impairment assessment under AASB 136 and prepared a valuation model to assist in the determination of recoverable amount.</p> <p>We consider the recoverable amount of intangible assets to be a key audit matter as it involves complex matters involving subjectivity and judgement, it is material to the users' understanding of the financial statements as a whole and it required significant auditor attention and communication with those charged with governance.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> - Consideration of management's assessment of impairment indicators which would necessitate an impairment assessment under AASB 136; - Reviewing the valuation of ADAPT ensuring that the model employed by management is appropriate; - Validation of the accuracy of the mathematical calculations used in the model; - Consideration of the data used by management within the valuation model for appropriateness, relevance and reliability; - Critically assessing management's assumptions and material inputs into the valuation model including sensitivities; and - Assessing the appropriateness of the disclosures included within the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's financial report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Anteris Technologies Limited for the year ended 31 December 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
18 February 2021



B G McVeigh
Partner