

ASX ANNOUNCEMENT

6 January 2021

ANTERIS FUNDING PACKAGE

Highlights

- \$20M in a funding package principally for the Company's TAVR research and development including general working capital expenses. Facility includes:
 - \$1M placement of new shares at an issue price equal to \$3.43 (equal to 90% of the five day VWAP¹ prior to Anteris entering trading halt on 23 December 2020)].
 - \$1.5M convertible note on closing with a further \$1M convertible note available subject to shareholder approval.
 - \$16.5M in a discretionary drawdown facility.
- Facility provided by Mercer Street Global Opportunity Fund, LLC, a New York based investment fund.

Brisbane, Australia and Minneapolis, USA.

Anteris Technologies Ltd (ASX: AVR; **Anteris** or **the Company**) announces a funding package of up to \$20M including \$2.5M to be initially drawn down upon completion of the conditions precedent (see further details below). The funding provides additional working capital as Anteris advances the development of DurAVR™, its 3D single-piece aortic valve for the treatment of aortic stenosis.

Mercer Street Global Opportunity Fund, LLC (**Mercer**) will subscribe for \$1M of equity through a share placement and invest \$1.5M in convertible notes. Additionally, subject to closing conditions, Mercer may invest in a further \$1M in convertible notes, if shareholders approve this further tranche, with the potential for Mercer to invest up to a further \$16.5M in new shares which is also subject to either shareholder approval or the Company having available placement capacity in accordance with the ASX Listing Rules.

"We are excited to partner with Anteris through this crucial stage of its development and to add a promising medtech player to our portfolio. We believe AVR's technology could drastically change the landscape of the aortic valve replacement market. We have the highest confidence in Anteris' management to unlock that potential through 2021," - Jonathan Juchno, Managing Member from Mercer, said.

Mercer's initial investment, along with the \$1.1M private placement announced on 30 December 2020 and the Research & Development advance of \$1.2M announced on 4 January 2021 provides \$4.8M in new funds.

A binding agreement has been entered into with Mercer but completion of Mercer's initial investment and the issue of any securities to Mercer is subject to, amongst other things, the satisfactory execution of a priority deed with respect to the security positions held by each of

¹ Volume weighted average price

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Mercer, Mitchell Asset Management Pty Ltd and Sio Partners, LP, execution of a general security deed by the Company in favour of Mercer and approval of the terms of the convertible notes by ASX.

FUNDING DETAILS

The facility's key terms are:

Placement

- Placement of ordinary fully paid shares to raise a total of \$1M at an issue price of \$3.43 per share (equal to 90% of the average five-day VWAP before Anteris entered trading halt on 23 December 2020).
- The placement utilises Anteris' existing placement capacity under Listing Rule 7.1A.

Convertible securities

- Secured convertible facility broken into two tranches:
 - The first tranche of \$1.62M face value to be purchased for \$1.5M. This entitles Mercer the right to convert the note into fully paid ordinary shares at 90% of the average five-day VWAP immediately prior to the issue of a conversion notice, subject to a floor price of \$2.50.
 - The first tranche utilises Anteris' existing placement capacity under Listing Rule 7.1.
 - The second tranche of \$1.08M face value is able to be purchased for \$1M and entitles Mercer the right to convert the note into fully paid ordinary shares at 90% of the average five-day VWAP immediately prior to the issue of a conversion notice, subject to a floor price of \$2.50.
 - The second tranche will not be able to be drawn down without shareholder approval, which must be obtained by 31 March 2021.
 - Both tranches have a term of 16 months.
 - No interest is payable on unconverted drawn funds.
 - If any part of the convertible facility is not converted into shares by Mercer prior to maturity, the Company will be required to repay the face value of the convertible note.
 - Any amount drawn down on the convertible securities remaining unconverted will be secured against the assets of Anteris Technologies Ltd (excluding the ADAPT® Intellectual property) and ranks behind the security interests held by Mitchell Asset Management Pty Ltd and Sio Partners, LP.

Put option

- A put option agreement of up to \$16.5M providing the Company with the ability to require Mercer to invest in new shares of the Company at 90% of the average five-day VWAP. Each drawdown is subject to satisfaction of various closing conditions and is limited in size to 10 times the average daily number of the Company's shares traded on the ASX during a 10-day period before its exercise.
- A fee of 1.5% of each draw down is payable by the Company in cash or, subject to shareholder approval, new shares (at Mercer's election).
- There is no agreement to issue securities to Mercer at this point in time under the put option and any future exercise of the put option to draw down on this facility will require the Company to have sufficient placement capacity under the Listing Rules or otherwise seek shareholder approval to issues shares under the put option.

Other key terms

- Other than in respect of the initial investment, the interest held by Mercer in fully paid ordinary shares in Anteris is capped at 4.99% unless Mercer gives its written consent and in that case is not to exceed 9.99% unless Mercer agrees otherwise. This will initially limit the draw down extent of the above facilities.
- Mercer will receive 50,000 new shares at no cost for entering this agreement (the deemed issue price is the same as the issue price of the placement shares, \$3.43 per share).

Additionally, Mercer will receive 150,000 options to purchase new shares in the Company at an exercise price of \$10 with a three-year expiry. These shares and options will be issued using Anteris' existing placement capacity under Listing Rule 7.1.

- A further 350,000 options will be granted to Mercer on the same conditions subject to shareholder approval. If shareholder approval is not granted for the second tranche of options, a fee of \$250,000 will instead be payable to Mercer.

Other conditions

As noted above, the agreement and issues of securities under the agreement with Mercer is subject to satisfactory execution of a priority deed with respect to the security positions held by each of Mercer, Mitchell Asset Management Pty Ltd and Sio Partners, LP execution of a general security deed by the Company in favour of Mercer and approval of the terms of the convertible note by ASX.

The issue of securities under the agreement is otherwise subject to a number of closing conditions, including:

- other than in respect of the initial investment, for an issue of ordinary shares to Mercer, its shareholding not exceeding 4.99% unless Mercer gives its written consent and in that case not exceeding 9.99%;
- for the second tranche of convertible securities and the 350,000 options, the Company obtaining shareholder approval under the Listing Rules;
- the Company otherwise being permitted to issue the securities under the Listing Rules;
- the Company being able to issue a cleansing statement for the securities (if relevant), so the securities are freely tradable on issuance; and
- customary conditions such as representations and warranties being true and correct, all authorisations and consents being obtained, delivery of documents, and no default by the Company.

For an issue of shares under the \$16.5m put option facility or for Mercer to convert its convertible notes, a number of other conditions apply, including:

- there has been no change of control of the Company or delisting of the Company's shares from ASX;
- there is no suspension of trading in securities generally in Australia or the United States; and
- there is no event or condition that has had or may have, a material adverse effect on the Company.

Termination and repayment provisions

Shareholders should also note that the agreement is subject to a number of termination provisions which may prevent Anteris from drawing on the \$16.5m facility or require repayment of the convertible securities prior to their maturity. This includes where:

- there is an event of default that is not remedied;
- there is change of control of Anteris under a takeover bid or scheme of arrangement;
- Anteris' shares are delisted from ASX (subject to certain exceptions in respect of early repayment); or
- there is an adverse change in law affecting Mercer.

Use of funds

The initial funding to be provided by Mercer is \$2.5m, with a further \$1m if the issue of the second tranche of convertible securities are approved by shareholders. This funding will be used for the

Company's TAVR research and development and other general working capital expenses.

If the \$16.5m facility is drawn upon, it is expected that this funding will be utilised for further research and development expenses associated with pre-clinical and clinical trials and the regulatory process generally for Anteris' products.

Potential dilution

Shareholders should note that the issue of the convertible securities to Mercer will cause their shareholding to be diluted if Mercer exercises its right to have those securities convert. The below table shows the dilution of existing shareholders on the basis of the current market price of shares and the current number of ordinary shares as at the date of this announcement. The table also shows the following examples:

- where the price of ordinary shares has decreased to the lowest possible price at which shares can be issued on the conversion of the convertible securities, given the floor price of \$2.50.
- where the issue price of ordinary shares has decreased by 25% as against the current market price;
- where the issue price of ordinary shares has increased by 25% as against the current market price; and
- where the issue price of ordinary shares has increased by 50% as against the current market price

Note: the Company currently has 6,227,258 fully paid ordinary shares on issue.

| | Dilution at different conversion prices | | | | |
|--|---|--|--|---|--|
| | \$2.50 27% decrease in Market Price (at Floor Price) | \$2.57 25% Decrease in Market Price | \$3.43 transaction price (10% discount to current 5 day VWAP (Market Price) | \$4.29 25% Increase in Market Price | \$5.15 50% Increase in Market Price |
| (A) Issue of placement shares, commencement shares (note: this issue is at a fixed price and numbers therefore do not change under the various scenarios listed in this table) | 341,545 | 341,545 | 341,545 | 341,545 | 341,545 |
| Revised shares on issue | 6,568,803 | 6,568,803 | 6,568,803 | 6,568,803 | 6,568,803 |
| (B) Conversion of first tranche of convertible securities | 648,000 | 629,738 | 472,303 | 377,843 | 314,869 |
| Revised shares on issue including (A) above | 7,325,258 | 7,295,723 | 7,041,106 | 6,888,337 | 6,786,490 |
| Conversion of second tranche of convertible securities | 432,000 | 419,825 | 314,869 | 251,895 | 209,913 |
| Revised shares on issue including (A) and (B) above | 7,757,258 | 7,715,548 | 7,355,975 | 7,140,232 | 6,996,403 |
| Mercer shareholding assuming no disposal of shares (and total % dilutionary effect on shareholders other than Mercer) | 18.59% | 18.26% | 15.34% | 13.49% | 12.21% |

Note: the above table does not include the effects of an exercise of any options held by Mercer, which have an exercise price of \$10. It also does not take into account the issue of any shares under the put option with Mercer.

Fees

Brighton Capital Ltd will be paid an advisor's fee for facilitating the transaction and they will receive a fee of \$210,000 in cash (being 6% of the amount payable by Mercer for the placement shares plus the convertible securities).

Timetable

The expected timetable for the transaction with Mercer is set out below:

| Event | Indicative date |
|--|---|
| Entry into agreement and Anteris' shares released from suspension | Wednesday, 6 January 2021 |
| Issue of placement shares, first tranche of convertible securities to Mercer | Wednesday 20 January 2021 |
| Issue of 50,000 shares and 150,000 options in consideration for Mercer's entry into the agreement with Anteris | Wednesday 20 January 2021 |
| Anteris shareholder meeting to approve the issue of second tranche of convertible securities and 350,000 options | Early March 2021 (note the meeting must be held on or before 31 March 2021) |
| Issue of second tranche convertible securities (if approved) | Mid-March 2021 |
| Issue of 350,000 options (or payment of \$250,000 fee if options are not approved) | Mid-March 2021 |
| Expiry of first tranche of convertible securities | May 2022 |
| Expiry of second tranche of convertible securities (if issued) | July 2022 |
| Expiry of \$16.5m put option facility | January 2023 |

Note: this timetable is indicative only, subject to change and is also subject to satisfaction of conditions set out in the agreement with Mercer.

ENDS

About Anteris Technologies Ltd (ASX: AVR)

Anteris Technologies Ltd is a structural heart company delivering clinically superior and durable solutions through better science and better design. Its focus is on developing next generation technologies that help healthcare professionals create life-changing outcomes for patients.

The Anteris DurAVR™ aortic replacement valve addresses the acute need in terms of superior hemodynamic profile as well as chronic needs in its ability to sustain that profile longer over the lifetime of the patient.

The proven benefits of its ADAPT® tissue technology, paired with DurAVR™'s unique 3D single-piece aortic valve design, has the potential to deliver a functional cure to aortic stenosis patients and provide a much-needed solution to the challenges facing heart surgeons today.

Authorisation and Additional information

This announcement was authorised by Mr Wayne Paterson, Chief Executive Officer.

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