

ASX release

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AtCor restructures operations

- Increased focus on advancing strategic options and securing new sales
- Operations restructured to maximise profitability
- Working to realise wearable devices opportunity for SphygmoCor®

AtCor Medical (ASX: ACG), the developer and marketer of the SphygmoCor® system for advanced hypertension management and arterial stiffness measurement, today announced an update on the progress of its strategic review and a restructuring to reduce costs and secure new sales.

1. Strategic Review Update

The strategic review process referenced in the company's announcement of 18 May is progressing well with a healthy level of engagement of parties relevant to the company on a potential joint venture, strategic investment or transaction. A dialogue is also on foot relative to applications for SphygmoCor® technology in the consumer wearable market.

Given the importance of these strategic options, and the inevitable time and focus required to consummate these, Duncan Ross will transition out of his CEO role during the coming months so he can concentrate wholly on this activity. At the appropriate point, the board will appoint a new CEO for the company based in Australia.

2. Restructuring

One of the early findings of the strategic review is the need to ensure that the company's operating model is leaner and that the company does not rely upon pharma revenues, which can fluctuate greatly year-to-year, in order to achieve sustainable profitability.

Therefore the company is taking further steps to bring its costs into line with revenue, with the aim of achieving break-even excluding any one-off expenses associated with the restructuring. The associated changes will preserve the company's sales capability and maintain top line momentum.

3. New Sales and Product Development

As outlined in the company's 18 May 2017 announcement, the company has been actively developing the expanded use of SphygmoCor®, with applications of its technology in the wearables device market. Four SphygmoCor® physiological measures are already available and the company is working to develop new income streams as a matter of priority.

This potential income stream is incremental to the company's Research and Clinical market segments and earlier this week the company announced the signing of a new supply agreement with NYU, parent of the NYU Langone Health System . the third such agreement in the last 5 months.

4. Board Renewal

Professor Michael O'Rourke, co-founder of the company and the inventor of SphygmoCor® technology, has announced his intention to not seek re-election as a director at the 2017 annual general meeting. Professor O'Rourke will continue to support the company on clinical and scientific matters after his retirement from the board. The board has begun the process of board renewal as part of the strategic review that is taking place.

Chairman Comment

AtCor Chairman Donal O'Dwyer said: "AtCor's SphygmoCor® technology is acknowledged by physicians around the world as the gold standard for non-invasive measurement of central blood pressure and arterial health. Our challenge is to find the best way to realise the technology's full potential, either on our own or with other parties, and the changes announced today will enable us to devote more time to exploring strategic options that maximise shareholder value. By transferring corporate functions back to Australia, our US operations will also be able to increase their focus on developing new sales and providing service to our existing customers.

"We believe there is a substantial new opportunity for our SphygmoCor® technology in the fast-growing consumer and doctor-prescribed wearables markets. With AtCor's proven, clinical grade technology we are uniquely positioned to add significant value and confidence to potential partners, consumers and doctors. To date, heart rate trackers have used activity-based measures, but the next stage of development is expected to involve physiological measures, for which our technology in a miniaturised form is ideally placed. Today, four physiological measures available on SphygmoCor® are ready for use in the wearables device market. Furthermore we have recently lodged patents that have the potential to fundamentally change the measurement of blood pressure in the home, clinic and wearables market.

"We believe that the wider community will value being able to monitor their arterial health and age as part of growing health awareness. These biomarkers give powerful motivational feedback to people on whether their arteries are ageing quickly or slowly.

"Meanwhile, we are increasingly identifying opportunities among US healthcare delivery networks, following the grant of a CPT1 reimbursement code. We have now signed agreements with three groups, including NYU announced earlier this week. In June this year, we signed with the second largest kidney specialist practice in the US, with more than 90 physicians in over 40 offices, and in February we signed a similar agreement with an integrated healthcare delivery network in Atlanta, Georgia. These achievements support our continued focus on the US Clinical market.

"We are also experiencing greater demand for SphygmoCor® systems and support services during clinical trials, and on 12 July 2017 announced three contracts with a combined value of \$0.8 million with international pharmaceutical companies."

About AtCor Medical

AtCor Medical develops and markets products for the early detection of target organ damage and management of cardiovascular and renal disease. Its technology allows researchers and clinicians to noninvasively measure the central arterial pressure waveform, central aortic pressures and pulse wave velocity. Central arterial pressure waveform analysis, as measured by the company's SphygmoCor® system, provides clinicians with better prognostic and diagnostic information to determine the need for and type of interventions, effects which cannot be detected with standard brachial blood pressure measurements. SphygmoCor® is essential for hypertension diagnosis and management.

More than 4,000 SphygmoCor® systems are currently in use worldwide at major medical institutions, research institutions and in various clinical trials with leading pharmaceutical companies. The company's technology has been featured in over 1,000 peer-reviewed studies published in leading medical journals and thousands of citations. AtCor Medical has operations in Australia, the United States, and Europe. For further information, please visit our web site at www.atcormedical.com.

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