



**FOR IMMEDIATE RELEASE**

**Lombard Medical Reports 2014 Fourth Quarter, Full Year Financial Results**

*Full Year Aorfix™ Revenue More than Doubled over 2013*

**Irvine, CA – February 26, 2015** – Lombard Medical, Inc. (NASDAQ: EVAR), a medical device company focused on endovascular aneurysm repair (EVAR) of abdominal aortic aneurysms (AAAs), today reported operational progress and financial results for the fourth quarter and year ended December 31, 2014.

The Company's lead product, Aorfix™, is the only endovascular stent graft cleared by the U.S. Food and Drug Administration (FDA) for the treatment of AAAs with angulation at the neck of the aneurysm of up to 90 degrees providing physicians in the U.S. with the only 'on-label' endovascular treatment option for patients with this complex AAA anatomy. All other approved grafts are only cleared by the FDA for the treatment of neck angulation up to 60 degrees.

**Q4 and Recent Operational Highlights**

- Total 2014 fourth quarter Aorfix revenue grew 128 percent<sup>1</sup> to \$4.8 million as compared to revenue of \$2.1 million in the fourth quarter of 2013.
- U.S. Aorfix revenue grew to \$1.2 million in the fourth quarter of 2014, up approximately 400 percent from \$0.3 million in the fourth quarter of 2013.
- In 2014, 44 percent of the Aorfix cases in the U.S. were performed on patients with aortic neck anatomy between 0-60 degrees and more than half were done using the least invasive percutaneous approach.
- In February 2015, the Company executed a lease for its new global headquarters and innovation center in Irvine, California. This facility will support the Company's innovation and development teams focused on expanding the Aorfix product platform and the thoracic stent (TEVAR) development program.
- In February 2015, the FDA approved Aorfix™Plus, a new addition to the Aorfix endovascular stent graft family that features a 34mm proximal diameter, expanding the potential market by allowing treatment for up to 10 percent of patients previously unsuitable for treatment with Aorfix.
- In January 2015, Lombard Medical initiated the ARCHYTAS global registry, a prospective study of up to 500 patients at 50 centers worldwide, designed to quantify the clinical outcomes of EVAR with Aorfix in a broad cross-section of 'real-world' patients with AAAs.
- In November 2014, efficacy and safety data from the two-year follow up of the U.S. PYTHAGORAS pre-marketing approval trial of Aorfix were presented at the VEITHsymposium™ in New York City.
- In November 2014, the Company gained FDA clearance for manufacturing to commence at its new cleanroom operation in the UK, enhancing the Company's capacity to meet demand for the near and long term.

**Operational and Financial Results**

Global Aorfix revenue increased 128 percent<sup>1</sup> to \$4.8 million in the fourth quarter of 2014 compared with \$2.1 million in the fourth quarter of 2013. For the full year 2014, global Aorfix revenue grew 116 percent<sup>1</sup> to \$13.3 million compared with \$6.1 million in 2013.

In the U.S., where Aorfix was formally launched in November 2013, and is sold exclusively through the Company's own sales force, revenue in the 2014 fourth quarter and full year was \$1.2 million and \$3.2 million, respectively. Comparative U.S. revenue in the 2013 fourth quarter and full year was \$0.3 million and \$0.5 million, respectively.

"The more than doubling of Aorfix revenue in the fourth quarter and full year underscores the traction we are gaining in new and key global AAA markets," said Chief Executive Officer Simon Hubbert. "2014 was a transformative year for Lombard Medical as we launched Aorfix in the U.S. and Japan, moved much of our operations to the U.S. and raised significant capital through an initial public offering on NASDAQ. In addition, we expanded manufacturing capacity in the UK and continued to produce high quality clinical data supporting the use of Aorfix across a broad range of both complex and standard AAA anatomies."

In Japan, where Aorfix is sold through the Company's exclusive distributor, Medico's Hirata, and where regulatory approval was received in August 2014, revenue in the 2014 fourth quarter and full year was \$1.9 million and \$3.6 million respectively. 2014 revenue in Japan which began in August 2014 consisted of an initial stocking order and additional re-stocking orders.

In the key Western Europe markets (UK and Germany) where Lombard Medical also sells direct, revenue increased 14 percent<sup>2</sup> to \$3.4 million in 2014 compared with \$3.0 million in the prior year; with both countries experiencing growth year over year. 2014 fourth quarter revenue in these markets declined 16 percent<sup>2</sup> to \$0.7 million compared with \$0.9 million in the fourth quarter of 2013, mainly due to lower patient flow in the UK market.

Revenue in the international distributor markets (excluding Japan) for the 2014 fourth quarter and full year was \$0.9 million and \$3.0 million, respectively, compared with \$0.9 million and \$2.6 million in the prior year periods.

Total revenue for the fourth quarter of 2014 increased 111 percent<sup>3</sup> to \$4.8 million compared with \$2.3 million in the fourth quarter of 2013. For 2014, total revenue increased 91 percent<sup>3</sup> to \$13.3 million compared with \$7.0 million in 2013. 2013 total revenue included contributions of \$0.2 million in the fourth quarter and \$0.8 million in the full year from the Company's OEM business, which was subsequently divested in December 2013.

Gross margins for the 2014 fourth quarter and full year were 46 percent and 43 percent, respectively, compared to 45 percent and 38 percent for the comparative 2013 periods. The improvement was primarily due to the effect of higher average U.S. selling prices and the spreading of fixed manufacturing costs over increased production volumes.

Total operating expenses for the 2014 fourth quarter and full year were \$11.1 million and \$41.9 million, respectively, compared to \$8.0 million and \$22.7 million for the comparative 2013 periods. The net loss for the fourth quarter of 2014 was \$8.3 million, or \$0.51 loss per share, compared to a net loss of \$6.0 million, or \$0.53 loss per share, for the fourth quarter of 2013. The net loss for 2014 was \$34.8 million, or \$2.39 loss per share, compared to a net loss of \$19.2 million, or \$2.14 loss per share for 2013. The increased operating expenses and net loss in the full year were principally due to on-going investments in U.S.-based operations, commercial infrastructure, additional direct sales people, product development activities, expenses of the NASDAQ initial public offering (IPO) and share-based compensation charges.

The Company's balance sheet as of December 31, 2014, showed total cash and cash equivalents of \$53.3 million, including proceeds from the U.S. IPO completed in April.

## **Company Outlook**

The Company reaffirmed that it expects to achieve revenue for 2015 of between \$18 million and \$20 million. This growth is expected to result from a more than doubling of the combined number of Aorfix procedures in the Company's four largest markets (U.S., Japan, UK and Germany) and pricing that remains stable in those markets.

In the Japanese market, the pending regulatory approval of the latest Aorflex™ delivery system is anticipated to come earlier than previously expected. Because of this shift in schedule, the Company's distributor is expected to delay some of its 2015 first quarter orders into the second quarter allowing it to sell down its current stocking inventory. Due to the anticipated timing of Japan orders, total revenue in this year's first quarter is anticipated to be between \$3.0 million and \$3.3 million. The Company does not anticipate providing regular quarterly revenue guidance, but

believes that due to the special circumstances surrounding the Japanese approval, this information will be helpful for modeling purposes.

### Conference Call

Lombard Medical's management will discuss the Company's financial results for the fourth quarter and year ended December 31, 2014 and provide a general business update during a conference call beginning at 4:30 p.m. Eastern Time today, Thursday, February 26, 2015. To join the call, participants may dial 1-877-407-4018 (domestic), 0800-756-3429 (UK toll-free) or 1-201-689-8471 (international). To listen to a live webcast of the conference call, visit the Events and Presentations page under the Investors tab at [www.lombardmedical.com](http://www.lombardmedical.com).

An archived replay of the webcast will be available shortly following the completion of the call on the Events and Presentations page under the Investors tab at [www.lombardmedical.com](http://www.lombardmedical.com).

<sup>1</sup> Total Aorfix revenue growth was 131 percent for the 2014 fourth quarter and 115 percent for the full year on a constant currency basis, calculated using 2013 average rates.

<sup>2</sup> Aorfix revenue in the Western Europe direct markets declined 15 percent for the fourth quarter and grew 10 percent for 2014 on a constant currency basis, calculated using 2013 average rates.

<sup>3</sup> Total revenue growth was 113 percent for the 2014 fourth quarter and 89 percent for the full year on a constant currency basis, calculated using 2013 average rates.

### About Lombard Medical, Inc.

Lombard Medical, Inc. is an Irvine-based medical device company focused on device solutions for the \$1.6 billion per annum abdominal aortic aneurysm repair market. The Company's lead product, Aorfix™, is an endovascular stent graft which has been specifically designed to solve the problems that exist in treating complex tortuous anatomy, which is often present in advanced AAA disease. For more information, please visit [www.lombardmedical.com](http://www.lombardmedical.com).

### FORWARD-LOOKING STATEMENTS

This announcement may contain forward-looking statements that reflect the Company's current expectations regarding future events, including the commercialization and additional regulatory clearances of the Company's products, the Company's liquidity and results of operations, as well as future capital raising activities. Forward-looking statements involve risks and uncertainties. Actual events could differ materially from those projected herein and depend on a number of factors, including the success of the Company's research and development and commercialization strategies, the uncertainties related to the regulatory process and the acceptance of the Company's products by hospitals and other medical professionals and the risks, uncertainties and other factors described under the heading "Risk Factors" in the Company's prospectus filed with the Securities and Exchange Commission dated April 25, 2014. The Company undertakes no obligation to update these statements in the future.

### For further information:

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**Consolidated Statements of Comprehensive Income**  
for the three- and twelve-month periods ended December 31, 2014 (unaudited)

|   | Three months ended<br>December 31, |                | Twelve months ended<br>December 31, |                |
|---|------------------------------------|----------------|-------------------------------------|----------------|
|   | 2014<br>\$'000                     | 2013<br>\$'000 | 2014<br>\$'000                      | 2013<br>\$'000 |
| Revenue   | 4,758                              | 2,254          | 13,277                              | 6,960          |
| Cost of sales   | (2,553)                            | (1,242)        | (7,541)                             | (4,315)        |
| Gross profit  | 2,205                              | 1,012          | 5,736                               | 2,645          |
| <i>Gross margin</i>   | 46%                                | 45%            | 43%                                 | 38%            |
| Selling, marketing and distribution expenses                  | (5,786)                            | (4,023)        | (21,363)                            | (10,452)       |
| Research and development expenses                             | (2,737)                            | (2,465)        | (9,213)                             | (6,963)        |
| Administrative expenses                                       | (2,616)                            | (1,490)        | (9,800)                             | (5,264)        |
| Initial Public Offering expenses                              | -                                  | -              | (1,503)                             | -              |
| Total operating expenses                                      | (11,139)                           | (7,978)        | (41,879)                            | (22,679)       |
| Operating loss  | (8,934)                            | (6,966)        | (36,143)                            | (20,034)       |
| Finance income—interest receivable                            | 58                                 | 128            | 247                                 | 164            |
| Finance costs   | (24)                               | (21)           | (83)                                | (449)          |
| Loss before taxation  | (8,900)                            | (6,859)        | (35,979)                            | (20,319)       |
| Taxation  | 617                                | 886            | 1,227                               | 1,115          |
| Loss for the period   | (8,283)                            | (5,973)        | (34,752)                            | (19,204)       |
| Other comprehensive income:                                   |                                    |                |                                     |                |
| Items that may be subsequently reclassified to profit or loss |                                    |                |                                     |                |
| Currency translation differences                              | 39                                 | 1,169          | (1,947)                             | 2,908          |
| Total comprehensive loss for the period                       | (8,244)                            | (4,804)        | (36,699)                            | (16,296)       |
| Basic and diluted loss per ordinary share (cents)             |                                    |                |                                     |                |
| From continuing operations                                    | (51.2)                             | (53.4)         | (238.7)                             | (214.0)        |

**Consolidated Balance Sheet  
as at December 31, 2014 (unaudited)**

|                                | December 31, 2014 | December 31, 2013 |
|--------------------------------|-------------------|-------------------|
|                                | \$'000            | \$'000            |
| Assets                         |                   |                   |
| Intangible assets              | 5,259             | 5,722             |
| Property, plant and equipment  | 3,087             | 2,411             |
| Other receivables              | 348               | 523               |
| Non-current assets             | <u>8,694</u>      | <u>8,656</u>      |
| Inventories                    | 4,895             | 3,361             |
| Trade and other receivables    | 3,911             | 3,444             |
| Taxation recoverable           | 2,065             | 2,143             |
| Cash and cash equivalents      | 53,334            | 40,866            |
| Current assets                 | <u>64,205</u>     | <u>49,814</u>     |
| Total assets                   | <u>72,899</u>     | <u>58,470</u>     |
| Liabilities                    |                   |                   |
| Trade and other payables       | (5,434)           | (6,579)           |
| Current liabilities            | <u>(5,434)</u>    | <u>(6,579)</u>    |
| Borrowings                     | (2,632)           | (2,558)           |
| Non-current liabilities        | <u>(2,632)</u>    | <u>(2,558)</u>    |
| Total Liabilities              | <u>(8,066)</u>    | <u>(9,137)</u>    |
| Net assets                     | <u>64,833</u>     | <u>49,333</u>     |
| Equity                         |                   |                   |
| Called up share capital        | 162               | 52,406            |
| Share premium account          | 49,608            | 134,305           |
| Capital reorganization reserve | 205,686           | -                 |
| Other reserves                 | -                 | 19,087            |
| Translation reserve            | 2,245             | 4,192             |
| Accumulated loss               | (192,868)         | (160,657)         |
| Total equity                   | <u>64,833</u>     | <u>49,333</u>     |

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