

**ASX Release****Oventus quarterly business review:  
additional sites contracted and launched****Key highlights:**

- **Three further material contracts secured, 36 sites now contracted with 11 sites deployed and five more in the implementation phase under 'lab in lab' business model**
- **Additional agreements signed with:**
  - **California Center for Sleep Disorders in California**
  - **Bogan Sleep Consultants in South Carolina**
  - **Sleep Watchers in Illinois**
- **First revenue booked from lab in lab program during December quarter**
- **Cash receipts for December quarter increased to A\$112,000 representing early revenues from sites coming online; Company expects sales to continue to increase in the March quarter as site activity increases and further sites are deployed. Cash burn for quarter down from forecast due to CAPEX efficiencies from utilising scanning equipment across multiple sites**
- **Board composition strengthened to support current strategy, including appointment of Paul Molloy as Non-Executive Director which will be of significant benefit as Oventus continues with the commercial execution of the lab in lab program; Paul replaced co-founder, CTO and Non-Executive Director, Neil Anderson**
- **Oventus strongly positioned to invest in growth and scale sales with further agreements expected to be announced throughout the remainder of CY2020**

Brisbane, Australia 14 January 2020: Oventus Medical Ltd or the Company (ASX: OVN) is pleased to announce its Appendix 4C and quarterly business activities review for the three-month period ended 31 December 2019 (Q2 FY2020).

**Continued strong demand for lab in lab model**

During the quarter, Oventus converted significant increased demand for its Obstructive Sleep Apnoea therapeutic, the O<sub>2</sub>Vent Optima and its 'lab in lab' business model into customer contracts.

**Contracted sites**

At the time of reporting, Oventus had contracted a total of 36 clinical delivery sites. A total of 11 sites have now been launched with patients being identified and bookings being taken across these sites.

In November, Oventus secured an agreement with Feeling Great Sleep in North Carolina across three sites.

In December, Oventus secured a further agreement with the prestigious Californian Center for Sleep Disorders, one of the US' premier sleep centres, led clinically by leading sleep physician and Oventus Medical Technology Advisory Board member, Dr Jerrold Kram.

Since the end of the quarter, Oventus has also secured additional agreements with:

- California Sleep Solutions – a leading sleep service provider in California with two sites identified for the lab in lab program initially out of their network of seven sites.
- Bogan Sleep Consultants – a leading sleep centre in Columbia, South Carolina – for one site. Bogan Sleep Consultants is led clinically by leading sleep physician and Oventus Medical Technology Advisory Board member, Dr Richard K. Bogan.
- Sleep Watchers – a significant and leading sleep service provider in Illinois.

## Site launches

One of the initial Canadian sites has expanded their services to an additional three sites and in the US, three more sites have been trained and are now identifying patients to schedule for treatment. A further five US sites are in the implementation phase, with the aim of going live in the March quarter. It is expected that sites will be added to the launch program this quarter as the company continues to build out launch capability.

## **Financials**

Sales receipts from customers for the sale of Oventus' O2 Vent® devices for the treatment of OSA and snoring increased due to revenues from those lab in lab customer sites now starting to come online.

Receipts totalled A\$112,000 (Q2 FY2020) compared to A\$87,000 recorded in the September quarter (Q1 FY2020) and A\$47,000 in the previous corresponding quarter (Q2 FY2019).

Company expenditures for the December quarter reduced to A\$3.15m compared to A\$3.3m recorded in the September quarter (Q1 FY2020) and compared to the A\$3.345m forecast for the December quarter. Initially the Company had budgeted an additional A\$195k in the December quarter for scanning equipment to enable lab in lab agreements. It has become evident that groups with multiple sites in close geographic proximity, can often share a single scanner across sites. This has led to reduced CAPEX outflows.

## **New Board Appointment**

In December, Oventus appointed medical device industry expert, Paul Molloy to the Board as Non-Executive Director. Mr Molloy replaced co-founder and Chief Technology Officer, Neil Anderson, who retired from his board seat and executive role.

Mr Molloy brings considerable global and US medical device industry expertise, with twenty-five years' experience of leading a range of public, private and venture capital-funded healthcare companies. He is currently President and CEO of Clearflow Inc., a US-based medical device company which is pioneering technology that prevents post-operative complications associated with retained blood and fluid.

His expertise will be of significant benefit as Oventus continues with the commercial execution of the lab in lab program.

Mr Molloy replaces co-founder and Chief Technology Officer, Mr Neil Anderson, who retired from his board seat and executive role. Mr Anderson made a significant contribution to the strategic progress of the Company. He stepped aside to keep our director pool at a size fit for Oventus at this time. He will continue to support the Company in a consultancy role.

## **Outlook**

“We continue to see intense interest from sleep groups for our technology and therefore have a very strong pipeline of potential commercial agreements for our lab in lab model,” said Oventus Founder and CEO, Dr Chris Hart.

“We expect sales and revenues to continue to increase over the coming quarters as we secure further agreements across our key markets and launch additional lab in lab sites.”

**Dr Chris Hart**  
**CEO and Managing Director**  
**Oventus Medical Limited**

—ENDS—

For further information, please visit our website at [www.o2vent.com](http://www.o2vent.com) or contact the individuals outlined below.

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About Oventus – see more at [www.o2vent.com](http://www.o2vent.com)

Oventus is a Brisbane-based medical device company that is commercialising a unique treatment platform for sleep apnoea and snoring. The Company has a collaborative Sleep Physician/ Dental strategy that streamlines patients' access to treatment. The Oventus lab model incorporates digital technology via intra oral scanning to achieve operational efficiencies, accuracy and ultimately patient outcomes.

Unlike other oral appliances, Oventus O2Vent devices manage the entire upper airway via a unique and patented built-in airway. O2Vent devices allow for airflow to the back of the mouth while maintaining an oral seal and stable jaw position, bypassing multiple obstructions from the nose, soft palate and tongue. The devices reduce airway collapsibility and manage mouth breathing while keeping the airway stable.

O2Vent devices are designed for any patient that is deemed appropriate for oral appliance therapy, but especially beneficial for the many people that suffer with nasal congestion, obstruction and mouth breathing. The O2Vent allows nasal breathing when the nose is unobstructed, but when obstruction is present, breathing is supplemented via the airway integrated in the appliance.

The ExVent™ is a valve accessory that fits into the open airway of the O2Vent Optima device, to augment traditional oral appliance therapy by stabilizing the airway. The ExVent valve contains air vents that open fully on inhalation for unobstructed airflow. The valve closes on exhalation, directing the air through the vents, creating the mild resistance or airway support required to keep the airway stable (known as PEEP, positive end expiratory pressure).

According to a report published by the Sleep Health Foundation Australia, an estimated 1.5 million Australians suffer with sleep disorders and more than half of these suffer with obstructive sleep apnoea<sup>1</sup>.

Continuous positive airway pressure (CPAP) is the most definitive medical therapy for obstructive sleep apnea, however many patients have difficulty tolerating CPAP<sup>2</sup>. Oral appliances have emerged as an alternative to CPAP for obstructive sleep apnea treatment<sup>3</sup>. The O2Vent Optima and ExVent provide a discreet and comfortable alternative to CPAP for the treatment of OSA.

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<sup>1</sup> Deloitte Access Economics. Reawakening Australia: the economic cost of sleep disorders in Australia, 2010. Canberra, Australia.

<sup>2</sup> Beecroft, et al. Oral continuous positive airway pressure for sleep apnea; effectiveness, patient preference, and adherence. Chest 124:2200–2208, 2003

<sup>3</sup> Sutherland et al. Oral appliance treatment for obstructive sleep apnea: An updated Journal of Clinical Sleep Medicine. February 2014.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

OVENTUS MEDICAL LIMITED

**ABN**

12 608 393 282

**Quarter ended ("current quarter")**

31 December 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	112	199
1.2 Payments for		
(a) research and development	(166)	(299)
(b) product manufacturing and operating costs	(86)	(124)
(c) advertising and marketing	(487)	(1,014)
(d) leased assets	-	-
(e) staff costs	(1,494)	(2,947)
(f) administration and corporate costs	(524)	(1,074)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	19
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	828	828
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,804)</b>	<b>(4,412)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(280)	(758)
(b) businesses (see item 10)	-	-
(c) investments	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
(d) intellectual property	(106)	(184)
(e) other non-current assets	(7)	(85)
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(393)</b>	<b>(1,027)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	9,344
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(731)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>8,613</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	8,370	2,999
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,804)	(4,412)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(393)	(1,027)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	8,613

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>6,173</b>	<b>6,173</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	6,173	8,370
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,173</b>	<b>8,370</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
71
-

Payment of directors' fees.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
-
-

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	(168)
9.2 Product manufacturing and operating costs	(139)
9.3 Advertising and marketing	(397)
9.4 Leased assets	-
9.5 Staff costs	(1,579)
9.6 Administration and corporate costs	(470)
9.7 Capital expenditures & IP	(292)
<b>9.8 Total estimated cash outflows</b>	<b>(3,045)</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  .....

(Managing Director and CEO)

Date: 14 January 2020

Print name: **Dr. Chris Hart**

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.