

ASX Release

Oventus Quarterly Business Review for the quarter ended 31 March 2019

Highlights

- **Cash receipts increase to \$100,000 in quarter ended 31 March 2019, up from \$47,000 in prior quarter**
- **Cash position of \$5.1 million as at 31 March 2019**
- **O₂ Vent® Optima successfully launched in both Australia and Canada during the quarter; US launch expected in mid-CY2019**
- **Launch of ExVent™ valve technology that integrates with select O₂ Vent® devices to naturally improve airflow and airway stability, expected in the quarter ending 30 June 2019**
- **Strong interest in O₂ Vent® devices and Oventus' Sleep Treatment Platform shown by sleep clinicians and dentists, with agreements expected to be announced during coming quarters**

Brisbane, Australia 29 April 2019: Oventus Medical Ltd (ASX: OVN) (Oventus, the Company) announces its Appendix 4C Report for the quarter ended 31 March 2019 and provides a summary of progress made during the quarter.

Receipts from customers for the sale of Oventus' O₂ Vent® devices for the treatment of Obstructive Sleep Apnoea (OSA) and snoring totalled \$100,000 for the quarter ended 31 March 2019, compared to \$47,000 recorded in the quarter ended 31 December 2018.

The improved revenue result was driven primarily by sales increasing in Australia, due to the launch of Oventus' new lightweight nylon O₂ Vent® Optima devices for the treatment of OSA and snoring, along with the timing of receipts from customers. The launch of Optima in Canada in February is expected to impact sales revenue from the June quarter onwards.

While O₂ Vent® Optima devices are not yet available in the US, interest from the US sleep channel, which represents 55%¹ of the global market, is extremely high with major sleep groups adopting Oventus' earlier O₂ Vent® T and W technology on a pilot basis ahead of an expected sales ramp in the US once the O₂ Vent® Optima is released (subject to expected 510 (k) clearance from the US Food and Drug Administration mid-year).

Oventus Founder and CEO, Dr Chris Hart commented, "In line with the Company's strategy and our previous commentary, sales are starting to build in our key markets. We saw Australian sales increase following the launch of O₂ Vent® Optima during the quarter and have been laying the foundations for similar momentum in Canada. There is intense interest from the sleep channel for our Optima product in the US, which has led to several pilots with major sleep groups. We expect to gather significant

¹ Source: Sleep Apnea Diagnostic & Therapeutic Devices Market – Global End-user Analysis, Competitive Landscape & Forecast to 2020 (MarketsandMarkets 2015.) Numbers quoted are ex China. Calculated using a conversion of \$US1=\$Aust1.30

further momentum moving into the second half of calendar 2019, presuming Optima is in market in the US.”

The O₂ Vent® Optima is the first of two new products coming to market in 2019. The second product is a valve that integrates with select O₂ Vent® devices to naturally improve airflow and airway stability. The valve is called the ExVent™ and in combination with Oventus’ Airway Technology, has been clinically proven to dramatically increase the success rates over traditional mouthguard devices for sleep apnoea sufferers.²

ExVent™ is due to be released in Australia during the quarter ending 30 June 2019. Following the Australian release of ExVent™, the product will be launched in North America and Europe, subject to regulatory approval. This new treatment modality is highly anticipated by the sleep community and, along with O₂ Vent® Optima is potentially transformational for the Company.

While momentum builds following the O₂ Vent® Optima launch in Australia and Canada, and Oventus pushes further into the USA, Oventus’ board and management believes that 2019 will be a pivotal year for the Company.

—ENDS—

Oventus invites you to follow our progress via our website at www.ventus.com.au.

For more information, please contact:

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About Oventus

Oventus is a Brisbane based medical device company that is commercialising a unique treatment platform for the treatment of sleep apnoea and snoring. Unlike other oral appliances or CPAP interfaces, the Oventus devices have a unique and patented airway within the treatment platform that allows air to flow to the back of the mouth unobstructed while maintaining an oral seal and stable jaw position, bypassing multiple obstructions from the nose, soft palate and tongue, reducing airway collapsibility and managing mouth breathing while maintain a stable airway with or without nasal CPAP. They are particularly designed for the many people that have nasal obstructions and consequently tend to mainly breathe through their mouth. While it may seem counterintuitive, this technology actually manages mouth breathing by converting it to device breathing and normalising ventilation. The O₂Vent™ is designed to allow nasal breathing when the nose is unobstructed, but when obstruction is present, breathing is supplemented via the airways in the appliance.

² Lai V, Tong B, Tran C, Ricciardiello A, Donegan M, Murray N, Carberry J, Eckert D. Combination therapy with mandibular advancement and expiratory positive airway pressure valves reduces OSA severity. Poster and abstract presented at ASA Sleep Down Under, Brisbane 2018.

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.¹

Continuous positive airway pressure (CPAP) is the most definitive medical therapy for obstructive sleep apnoea, however many patients have difficulty tolerating CPAP². Oral appliances have emerged as an alternative to CPAP for obstructive sleep apnoea treatment.³

¹ *Deloitte Access Economics. Reawakening Australia: the economic cost of sleep disorders in Australia, 2010. Canberra, Australia.*

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

³ *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 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	100	254
1.2 Payments for		
(a) research and development	(191)	(973)
(b) product manufacturing and operating costs	(33)	(238)
(c) advertising and marketing	(250)	(654)
(d) leased assets	-	-
(e) staff costs	(1,048)	(2,849)
(f) administration and corporate costs	(315)	(1,405)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	60	163
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,125
1.8 Other (provide details if material)	(35)	(35)
1.9 Net cash from / (used in) operating activities	(1,712)	(4,612)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(29)	(151)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property	(54)	(297)
(e) other non-current assets	(63)	(93)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	400
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(146)	(141)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
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	-	-
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)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	7,000	9,895
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,712)	(4,612)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(146)	(141)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	5,142	5,142

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,142	7,000
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,142	7,000

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

Current quarter \$A'000
61
-

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

Current quarter \$A'000
-
-

8. Financing facilities available <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. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(231)
9.2 Product manufacturing and operating costs	(72)
9.3 Advertising and marketing	(149)
9.4 Leased assets	-
9.5 Staff costs	(1,168)
9.6 Administration and corporate costs	(310)
9.7 Other (provide details if material)	(245)
9.8 Total estimated cash outflows	(2,175)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	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: 

(Director/Company secretary)

Date: 29 April 2019

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.