

ASX Release

Oventus Quarterly Business Review – Q4 FY2019**Highlights**

- **Cash receipts of A\$95,000 in Q4 FY2019, compared to A\$79,000 in the same quarter last year**
- **ExVent™ launched in Australia and Canada: valve technology that integrates with select O2Vent® devices to naturally improve airflow and airway stability for patients with obstructive sleep apnoea (OSA)**
- **Strong demand for Oventus' products: agreements signed with sleep groups in Canada and US, post quarter end**
- **Synergistic agreements signed with VirtuOx, Carestream Dental and Lyon Dental post quarter end to underpin widespread adoption for 'lab in lab' business model**
- **O2 Vent® Optima launch in the US expected in 2H CY2019, following FDA approval**
- **Equity Placement announced post the quarter, firm commitments raising A\$7.0 million from institutional and sophisticated investors in two tranches and launched a fully underwritten 1 for 20 pro-rata non-renounceable Entitlement Offer (Rights Issue) to raise approximately A\$2.3 million**
- **Funds raised strengthen the balance sheet and support widespread roll out of Oventus' O2Vent™ sleep treatment platform and enable adoption of Oventus' 'lab in lab' business model in the sleep and dental channels**
- **Cash position of A\$3.0 million as at 30 June 2019 (excluding A\$9.3 million proceeds expected from the Placement and Entitlement Offer)**

Brisbane, Australia 30 July 2019: Oventus Medical Ltd (ASX: OVN) (Oventus, the Company) announces its Appendix 4C Report for the quarter ending 30 June 2019 (Q4 FY2019) and provides a summary of progress made during the quarter. Post quarter end, Oventus announced an equity Placement with firm commitments received to raise A\$7.0 million from institutional and sophisticated investors at \$0.38 per Oventus share and launched a fully underwritten 1 for 20 pro-rata non-renounceable Entitlement Offer (Rights Issue) to raise approximately A\$2.3 million.

Receipts from customers for the sale of Oventus' O2 Vent® devices for the treatment of Obstructive Sleep Apnoea (OSA) and snoring totaled A\$95,000 (Q4 FY2019) compared to A\$79,000 recorded in the same quarter last year (Q4 FY2018). Unaudited preliminary FY2019 cash receipts totaled A\$349,000 up on FY2018 at A\$292,000.

Cash receipts were driven primarily by sales 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.

Contracts signed

In June, Oventus signed its first material agreements with sleep groups in Canada for its flagship O₂Vent[™] Optima (nylon) devices and the ExVent[™] valve accessory. The launch with the two groups is across seven sites and specifies minimum order of 20 devices per site, per month.

In the US, Oventus signed its first agreements in May with four sleep/dental sites in North Carolina to sell the O₂Vent[™] titanium T/W models.

Post quarter end, Oventus signed its first material agreements for US sleep groups to sell O₂Vent[™] Optima at minimum quantities of 20 device sales per site, in advance of receiving 510(k) clearance from the US Food and Drug Administration (FDA) for the Optima.

To enable the widespread adoption of Oventus' 'lab in lab' business model, synergistic agreements were signed with VirtuOx, Carestream Dental and Lyon Dental, post quarter end.

The new 'lab in lab' model, ensures both dentists and sleep physicians participate effectively in providing end-to-end treatment solutions to patients. It also provides a seamless treatment platform for patients to access Oventus Airway Technology, irrespective of their point of care.

The 'lab in lab' model will place digital scanning technology into sleep facilities. The demand for this model within the sleep channel is large and growing quickly with a number of agreements expected to be finalised in the coming months. To support this, we secured a partnership with Carestream Dental, a supplier of digital scanning technology. Under the agreement, Carestream will supply high-quality and well-priced scanning technology for sleep facilities and secondly, will open up its installed customer base of over 15,000 sites in North America to the sleep channel and potential patients suffering from OSA.

In combination with Carestream Dental's network of scanners in North America, Oventus is partnering with VirtuOx, a respiratory testing provider with diagnostics, monitoring services and telemedicine, who will enable end-to-end management of the patient's OSA under the clinical management of sleep physicians.

The agreement with Lyon Dental, a provider of practice management and reimbursement solutions, will ensure that patients can access reimbursement for Oventus Technology whether they are in the sleep channel or the dental channel.

Product launches

The O₂Vent[®] Optima, in market in Australia and Canada since January and February respectively, is awaiting FDA approval in the US. US approval is expected to be received in 2H CY2019.

The ExVent[™] valve accessory was launched in Australia during the quarter and in Canada was launched post quarter end in July. ExVent[™] is expected to be launched in the US in CY2020 following FDA approval.

Capital raising

In late July, Oventus announced it had undertaken an equity Placement to institutional and sophisticated investors, with firm commitments received to raise A\$7.0 million in two tranches at A\$0.38 per share (see announcement of 26 July).

A fully underwritten 1 for 20 pro-rata non-renounceable Entitlement Offer (Rights Issue) to raise approximately a further A\$2.3 million is being launched at the same price as the Placement, for eligible existing shareholders in Australia and New Zealand.

The Entitlement Offer opens on Thursday 8 August and will close on Wednesday 21 August 2019, 5:00pm AEST. Participation in the Entitlement Offer is open to all holders of Oventus shares with a registered address in Australia and New Zealand on the Record Date at 7:00pm AEST on Monday 5 August. More information regarding the Entitlement Offer will be set out in the Offer Booklet to be circulated to eligible shareholders on Thursday 8 August. The Offer Booklet will be accessible from the ASX and Oventus' website, www.asx.com.au and www.o2vent.com respectively on Wednesday, 31 July. Dates are subject to change.

The net proceeds of the Placement and Entitlement Offer will be used to:

- Strengthen Oventus' balance sheet to roll out the O₂Vent™ sleep treatment platform, including its flagship device, the O₂Vent™ Optima and ExVent™ valve accessory
- Strengthen the Oventus team to support with operational execution
- Enable adoption of its 'lab in lab' business model in the sleep and dental channels

For further information in relation to the Entitlement Offer, please contact the Company's Share Registry, Computershare, on 1300 850 505 or +61 3 9415 4000 (outside Australia) at any time between 8:30am and 5:30pm (AEST), Monday to Friday.

Outlook

"We are very pleased to see that the intense interest from both sleep and dental channels for our technology is starting to translate into material contracts," said Oventus Founder and CEO, Dr Chris Hart.

"We now also have the capital to double down on our efforts to sell Oventus technology into our key markets of Canada, the United States and Australia. Thanks to those investors who participated in the recent raise, and in advance to any who decide to take up their rights under the Entitlement Offer."

The capital raise will ensure the Company is well capitalised to roll out the O₂Vent™ sleep treatment platform and underpin the adoption of the 'lab in lab' business model in North America. In order to drive this process, Dr Chris Hart will be relocating to the US shortly. Oventus' Board and management is very optimistic that the Company's sales pipeline, which is building strongly, will result in further contracts being signed over the coming quarters and that CY2019 will be a pivotal year.

—ENDS—

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

For more information, please contact:

Dr Chris Hart, Managing Director and CEO: M: +61 409 647 496

Jane Lowe, IR Department: M: +61 411 117 774 or jane.lowe@irdepartment.com.au

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.

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")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	95	349
1.2 Payments for		
(a) research and development	(280)	(1,253)
(b) product manufacturing and operating costs	(75)	(313)
(c) advertising and marketing	(254)	(853)
(d) leased assets	-	-
(e) staff costs	(1,209)	(4,060)
(f) administration and corporate costs	(350)	(1,808)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	27	190
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	67	1,192
1.8 Other (provide details if material)	-	(35)
1.9 Net cash from / (used in) operating activities	(1,979)	(6,591)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(150)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property	(133)	(430)
(e) other non-current assets	(31)	(125)
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	(164)	(305)

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	5,142	9,895
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,979)	(6,591)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(164)	(305)
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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	2,999	2,999

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	2,999	5,142
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)	2,999	5,142

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
59
-

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	(354)
9.2 Product manufacturing and operating costs	(136)
9.3 Advertising and marketing	(326)
9.4 Leased assets	-
9.5 Staff costs	(1,350)
9.6 Administration and corporate costs	(478)
9.7 Other (provide details if material)	(95)
9.8 Total estimated cash outflows	(2,739)

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:  Date: 30 July 2019
(Managing Director and CEO)

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.