

OVENTUS MEDICAL LIMITED
Appendix 4E
Preliminary Final Report
30 June 2020

1. Company details

Name of entity: Oventus Medical Limited
ACN: 608 393 282
Reporting period: For the year ended 30 June 2020
Previous period: For the year ended 30 June 2019

2. Results for announcement to the market

Revenues from ordinary activities	up	26%	to	\$419,298
Loss from ordinary activities after tax attributable to the owners of Oventus Medical Limited (the Company)	up	29%	to	(10,126,364)
Loss for the year attributable to the owners of Oventus Medical Limited	up	29%	to	(10,126,364)
		30-Jun-19		30-Jun-18
		Cents		Cents
Basic loss per share		(7.75)		(7.41)
Diluted loss per share		(7.75)		(7.41)

3. Commentary on results for the year

The loss for the consolidated entity after providing for income tax amounted to \$10,126,364 (2019: loss of \$7,848,255).

Further commentary on the Consolidated Entity's results for the year can be found in the section headed 'Review of operations' on page 1 of the Directors Report included in the attached general purpose financial report for the year ended 30 June 2020.

4. Expected future developments

Detail regarding expected future developments of the Consolidated Entity can be found in the section headed likely developments and expected results of operations on page 7 of the Directors Report included in the attached general purpose financial report for the year ended 30 June 2020.

5. Net tangible assets

	30-Jun-20 Cents	30-Jun-19 Cents
Net tangible assets per ordinary security	5.60	3.41

6. Control gained over entities

Not applicable.

7. Loss of control over entities

Name of entities (or consolidated entity of entities)

Not applicable.

8. Dividends

Current period

There were no dividends paid, recommended or declared during the current year.

Previous period

There were no dividends paid, recommended or declared during the previous year.

9. Dividend reinvestment plans

Not applicable.

10. Details of associates and joint venture entities

Not applicable

11. Foreign entities

Oventus Medical USA Inc. is a fully-owned subsidiary of Oventus Medical Limited with headquarters in 400 Spectrum Center Drive, Suite 1900 Irvine, CA 92618, but not applicable as a reporting entity.

Dental Sleep Care Alliance LLC is a fully-owned subsidiary of Oventus Medical USA Inc. with headquarters in 400 Spectrum Center Drive, Suite 1900 Irvine, CA 92618, but not applicable as a reporting entity.

Oventus Medical Canada Inc. is a fully-owned subsidiary of Oventus Medical Limited with headquarters in 600-3250 Bloor St W. Toronto, Ontario M8X 2X9, but not applicable as a reporting entity.

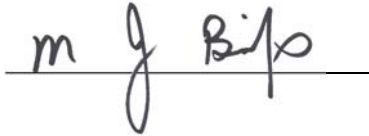
12. Attachments

The General Purpose Financial Report of Oventus Medical Limited for the year ended 30 June 2020 is attached.

13. Audit qualification or review

This General Purpose Financial Report for the year ended 30 June 2020 have been audited by the company's independent auditor, PKF Brisbane Audit.

14. Signed

A handwritten signature in black ink, appearing to read 'm j Bridges', is written over a horizontal line.

Mel Bridges
Director

Brisbane

31st August 2020

OVENTUS MEDICAL LIMITED

ACN 608 393 282

General Purpose Financial Report

For the year ended 30 June 2020

General Purpose Financial Report
For the year ended 30 June 2020

CONTENTS	Page
Directors' report	3
Auditor's independence declaration	19
Statement of comprehensive income	20
Statement of financial position	21
Statement of changes in equity	22
Statement of cash flows	23
Notes to the financial statements	24
Directors' declaration	50
Independent auditor's report to the members of Oventus Medical Limited	51
Corporate directory	56

Directors' Report

For the year ended 30 June 2020

The directors present their report, together with the financial statements, on the consolidated entity consisting of Oventus Medical Limited ('the Company') and the entities it controlled ('the Consolidated Entity'; 'the Group') at the end of, or during, the year ended 30 June 2020.

Directors and company secretary

The names of the Directors of the Company during the year and up to the date of this report are noted below. Directors were in office for the entire period unless otherwise stated:

Dr Mel Bridges – Chairman
Dr Christopher Hart – Executive Director
Mr Jake Nunn – Non-Executive Director (appointed 25 February 2020)
Mr Paul Molloy – Non-Executive Director (appointed 16 December 2019)
Ms Sue MacLeman - Non-Executive Director
Mr Sharad Joshi – Non-Executive Director
Mr Neil Anderson – Executive Director (until 16 December 2019)
Mr Stephen Denaro - Company Secretary

Principal activities

Oventus (ASX: OVN) is a Brisbane, Australia-based medical device company that is commercialising a unique treatment platform for obstructive sleep apnea (OSA) and snoring. Oventus' 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. They allow for airflow to the back of the mouth while maintaining an oral seal and stable jaw position, avoiding multiple obstructions from the nose, soft palate and tongue that can contribute to OSA and snoring.

During the financial year ended 30 June 2020, Oventus was primarily focused on rolling out its devices across its key North American market via the 'Lab in Lab' model. 'Lab in Lab' is a collaborative Sleep Physician/ Dental strategy that streamlines patients' access to treatment and incorporates digital technology via intra oral scanning to achieve operational efficiencies, accuracy and ultimately patient outcomes.

Review of operations

'Lab in Lab' model

During the financial year, Oventus made significant progress with the rollout of the 'Lab in Lab' model across North America due to strong demand from sleep groups across both the Canadian and US markets.

Demand was reinforced by the impact of COVID-19, with many potential customers (sleep apnea groups) considering the 'Lab in Lab' model as a new way to recover lost revenues during forced COVID-19 closures amid national lockdowns across the US and Canada.

Oventus continued to have a robust pipeline of contract negotiations and, as at 30 June 2020, had 57 contracted sites in North America, capable of generating \$13.2m in annualized revenue at minimum quotas.

The Company also had 22 launched sites, including post COVID-19 relaunches at various stages of reopening. These launched sites are capable of generating \$5.3m annualized revenue at minimum quotas.

As at the end of the financial year, 11 sites were in the implementation phase and Oventus remains focused on bringing existing contracts and sites back online as North America continues to reopen from COVID-19 lockdown.

Key agreements secured during the period include one with fast growing sleep group Aeroflow in February, with the company having identified OSA therapeutics as a key growth driver for its business.

Under the agreement, Aeroflow will initially introduce Oventus technology across the Southeastern US states before rolling it out nationally as it continues on an aggressive growth path across the US.

In May, Oventus also secured an agreement with Canadian respiratory services provider, Careica Health, which will see Oventus technology offered to CPAP-intolerant individuals via an extension to the company's well-known SLEEP program.

Impact of COVID-19 and implementation of telehealth

When the impact of COVID-19 became clear in March, Oventus moved quickly to protect its customers and business plan, adapt workflows and processes to enable business continuation.

To support its sites, the Company introduced a telehealth service, swiftly putting in place key initiatives to enable existing 'Lab in Lab' sites to continue to identify OSA patients for treatment. Many of these measures are more efficient and the inclusion of telehealth has become a permanent workflow change for Oventus.

Under the model, patients in the US and Canada receive initial online or phone consultations at which time Oventus undertakes any verification required to have a payer (or insurer) cover device costs.

Whilst patient flow into physical sites overall was reduced due to government-enforced lockdowns due to COVID-19, this was offset in part by an increase in the conversion rate of patients moving from the step of initial consultation to booking in for in-person appointments as the sites reopen. The telehealth service also enabled the company to continue to engage with customers and patients through the shutdown period.

In April and May, while physical delivery of treatment to patients was restricted, many of the devices delivered were to first responders in Canada who required treatment alternatives to CPAP.

While patient flow at launched sites remains subdued due to COVID-19, Oventus remains optimistic about growth due to a mix of factors, including: higher conversion rates as a result of refined workflows and introduction of telehealth; strong demand for the technology and clinical business model; continued contract negotiation and execution; a full launch calendar through to the end of CY2020 and an overall increase in the number of operational sites. As North America slowly reopens by region, Oventus is ready to accelerate revenue growth with a broad, efficient network of 'Lab in Lab' clinics.

Given the expected ongoing uncertainty and volatility due to COVID-19, Oventus will continue to actively monitor and review its response to market conditions and measures will be updated as appropriate.

Capital raisings

During the financial year, Oventus conducted two capital raises. In July 2019, it raised A\$9.3 million through an oversubscribed Placement to institutional and sophisticated investors and underwritten Entitlement Offer. In May 2020, it raised A\$6.65 million through a Placement to institutional and sophisticated investors and Share Purchase Plan (SPP). Both offers were significantly oversubscribed. Under the May 2020 Placement and SPP, the Company offered one free attaching unlisted option for every two new shares subscribed for (Options). The Shares under the Placement and SPP had an issue price of A\$0.24 each. The Options offered under the SPP and the Placement will have an exercise price of A\$0.36 and will expire on 30 June 2021. Funds raised are being deployed to meet the growing demand for Oventus' 'Lab in Lab' business model.

Financial position and results

The Company's cash position was \$8.5 million as at 30 June 2020, providing over five quarters of funding, without the benefit of revenue improvement which is expected to increase during the September quarter as the number of live "Lab in Lab" sites increase and patient bookings continue to grow.

The loss for the Consolidated Entity amounted to \$10,126,364 (2019: loss of \$7,848,255).

Total revenues for the year ended 30 June 2020 were \$419,298 (2019: \$331,837), including device sales of \$358,921 (2019: \$331,837) a service-fee revenue of \$60,377 related to the 'Lab in Lab' business which commenced in August 2019. Gross profit from revenues totalled \$187,562 (2019: \$173,598), including gross profit from 'Lab in Lab' revenues of \$6,628.

The Consolidated Entity incurred operating expenses of \$10,656,953 for the year ended 30 June 2020 (2019: \$8,486,805). Operating expenses include non-cash charges of \$1,526,652 (2019: \$768,453) for amortisation of intangible assets and depreciation and share based payments of \$308,838 (2019: \$190,736) and are reflected net of development expenditures capitalised in the statement of financial position. Development expenditures that were capitalised decreased to \$779,618 for the year ended 30 June 2020 from \$1,318,854 in 2019. The increase in operating expenditures related primarily to building out the operational, sales and marketing capability in North America and the introduction of products into the sleep channel. During the year, the Consolidated Entity received \$828,120 from the Australian Federal Government as a cash rebate for the Company's 2019 financial year R&D spend (2019: \$1,039,988 related to 2018 financial year). The Company's net spend was also enhanced through the receipt of \$300,000 in proceeds from sale of a 3D printer, completing the process of fully outsourcing manufacturing and reducing fixed expenses during the March 2020 quarter.

Dividends

There were no dividends to shareholders paid, recommended or declared during the current or previous financial period.

Board and executive management changes

In December, Oventus appointed US medical device industry expert, Paul Molloy to the Board as Non-Executive Director. Mr Molloy brings considerable global and US medical device industry expertise to Oventus, with twenty-five years' experience leading a range of public, private and venture capital-funded healthcare companies.

His experience in establishing and managing international operations will prove invaluable as Oventus continues to execute commercially on its "Lab in Lab" program.

He is currently President and CEO of ClearFlow Inc., a US-based medical device company. Before joining ClearFlow, Paul was CEO at VasoNova Inc. - a Silicon Valley-based, venture funded vascular navigation company which was acquired by Teleflex Inc. (NYSE, TFX), in January 2011. Following the acquisition, he was appointed President of Teleflex' largest division – ARROW Vascular – having full P&L responsibilities for direct sales, US and overseas manufacturing plants, R&D and strategic planning.

Mr Molloy replaced co-founder, Chief Technology Officer and former CEO, Neil Anderson who has moved to a Consultancy Agreement with the Company.

In February, Oventus appointed specialist US healthcare investor, Jake Nunn to the Board as Non-Executive Director.

Mr Nunn brings relevant sector knowledge from decades spent in US healthcare portfolio management, financial analysis and other board roles.

Board and executive management changes (continued)

For the past 13 years, Mr Nunn has been a partner with New Enterprise Associates (NEA), one of the world's largest and most active venture capital firms, specialising in global healthcare and technology. Prior to that, he was a partner with MPM Capital, held portfolio management and analyst roles with Franklin Templeton and GE, amongst others. He now serves as Venture Advisor to NEA and holds a number of board roles with US listed healthcare businesses.

Significant changes in the state of affairs

Other than as stated above and in the accompanying financial report, there were no significant changes in the state of affairs of the Consolidated Entity during the reporting period.

The Company's capital raising activities for the prior two fiscal years are shown in the table below.

	30-June 2020 Number of Shares #	30-June 2020 Value of Shares \$	30-June 2019 Number of Shares #	30-June 2019 Value of Shares \$
Equity – share capital				
Opening Balance	105,939,212	29,640,394	105,939,212	29,640,394
Ordinary shares issued:				
1 August 2019	15,757,491	5,987,847	-	-
28 August 2019	6,085,092	2,312,335	-	-
17 September 2019	2,747,922	1,044,210	-	-
8 May 2020	19,010,416	4,562,500	-	-
18 June 2020	364,584	87,600	-	-
18 June 2020	8,332,984	2,000,001	-	-
Share issue costs	-	(1,301,124)	-	-
At reporting date	158,237,701	44,333,763	105,939,212	29,640,394

Significant matters subsequent to the period

In July, Oventus announced additional 'Lab in Lab' agreements across 9 sites with two new sleep groups, Tri Hospital Sleep and Ontario Sleep Care, both located in Canada. Under these agreements, Oventus technology will be offered to patients of the 9 sites.

Tri Hospital Sleep in Ontario is one of Mississauga's largest privately-owned providers of diagnostics and treatment for OSA. Under the agreement, "Lab in Lab" facilities will be implemented in its largest location with 14 beds of sleep diagnostics. Once fully deployed, Tri Hospital Sleep expects to order 20 O2Vent Optima devices per month.

Ontario Sleep Care is a large, privately-owned provider of treatment for OSA with 8 locations across the province of Ontario, Canada. The agreement provides Oventus' O2Vent Optima and ExVent therapy across the network of sites as an alternative for CPAP-intolerant individuals. Patients will also be referred to the 8 sites from satellite locations. Once fully deployed, each Ontario Sleep Care location expects to order 10 O2Vent Optima devices per month.

Both agreements have a term of three years, with an automatic three-year renewal, unless a party elects not to renew no later than 180 days prior to the end of the third year.

On the 7th of August 2020, the Company issued 6,900,000 options to Directors under the Executive Share Option Plan following shareholder approval under ASX Listing Rule 10.14 and Chapter 2E of the Corporations Act and issued 2,955,000 options to non-related party employees.

Expected future developments

Oventus' focus for Q1 FY21 is targeted in the following areas:

- Supporting customers with the reopening of 'Lab in Lab' sites which are able to resume business operations;
- Launching further sites, including the initial 8 sites scheduled for launch in July;
- Making further improvements to the homecare model, in order to remove barriers to remote patient treatment;
- Retaining a continued focus on revenue improvement and cost control; and
- Adding a modest number of additional team members in North America who can maintain existing 'Lab in Lab' customers and support with increasing the speed at which contracted implementations can be rolled out.

Environmental regulations

The Company's operations are not regulated by any significant environmental regulations under the law of the Commonwealth or of a State or Territory.

Information on directors and company secretary

Mel Bridges	(Chairman) (Non-Executive Director) (Appointed 17 December 2018)
Qualifications	Bachelor Degree of Science (Chemistry), Honorary Doctorate from Queensland University of Technology and Fellow of the Australian Institute of Company Directors.
Experience	<p>Mel has over 35 years' experience founding and building international lifescience, diagnostic and medical device companies and commercialising a wide range of Australian technology. He is responsible for numerous commercial and M&A transactions and liquidity events, including listings on the ASX.</p> <p>Mel has received national and state business awards including the 2005 AusBiotech Chairman's Industry Medal and 2004 Queensland Entrepreneur of the Year. Mel has founded and developed medical device and diagnostic companies, including Pacific Diagnostics (acquired by Baxter), PanBio Ltd (acquired by Inverness Medical), and ImpediMed Ltd (ASX: IPD).</p>
Other current directorships	None
Former directorships (last 3 years)	Mel was previously a Non-Executive Director of ASX 100 Company ALS Ltd until his retirement in July 2019 and was a director of Tissue Therapies Ltd (March 2009 to December 2015), Benitec BioPharma Limited (October 2007 to June 2014) and Anantara Lifesciences Ltd (until May 2018).
Special responsibilities	Mel is the chair of the Remuneration Committee and serves on the Audit and Risk Management Committee.
Interest in shares	3,116,380 ordinary shares
Interest in options	629,179 options

Sue MacLeman

(Non-Executive Director)

Qualifications	Bachelor of Pharmacy from the University of Queensland, Masters of Marketing at Melbourne University (Melbourne Business School), a Masters of Law degree (Deakin University), Fellow and Chair Health Forum ATSE, Fellow ACPP and Fellow/Graduate of AICD.
Experience	Sue MacLeman has more than 30 years' experience as a pharmaceutical, biotechnology and medical technology executive having held senior roles in corporate, medical, commercial and business development. Sue has also served as CEO and Board member of several ASX and NASDAQ listed companies in the pharmaceutical sector. Sue is also appointed to several academic and government advisory committees including CSIRO Health and Biosecurity Advisory Committee, Prime Ministers Digital Expert Advisory Committee, DMTC Medical Countermeasures and various COVID19 taskforces.
Other current directorships	Sue is currently the Chair of MTPConnect (Medical Technology and Pharmaceuticals Industry Innovation Growth Centre MTPII-GC Ltd) ,Chair of Anantara Lifesciences Ltd (ASX:ANR), Chair of Tali Digital Ltd (ASX:TD1), Non-Executive Director at Palla Pharma Ltd (ASX:PAL) and Non Executive Director of Veski.
Former directorships:	RHS Ltd (August 2014 – June 2018)
Special responsibilities	Sue is the chair of the Audit and Risk Management Committee and serves on the Remuneration Committee.
Interest in shares	54,132 ordinary shares
Interest in options	551,720 options

Sharad Joshi

(Non-Executive Director) – Appointed 17 December 2018

Qualifications	Bachelor of Mechanical Engineering, & Pre-Med with Biology minor from Northeastern University in Boston, Massachusetts, Master of Business Administration, cum laude, from Babson College Olin School of Business, Wellesley, Massachusetts.
Experience	<p>Sharad has been active in the medical technology industry for over 30 years, held senior positions for the past 10 years including as a global entrepreneurial medical devices CEO with experience in launching medical devices, a strong track record of driving rapid global growth and laying the strategic foundations for sustained success through strategic and biomedical product innovation.</p> <p>Sharad brings deep expertise in the North American market in product development, marketing and sales, most recently as CEO of US headquartered Microline Surgical (a wholly owned subsidiary of Tokyo Stock Exchange listed HOYA Corporation) where he was responsible for executing growth strategy and market building, selling into 60 countries. Sharad is currently the President and Chief Executive Officer of NanoDiagnostics / BioDirection, Inc in Hopkinton Massachusetts.</p>
Other current directorships	Member of the Massachusetts Medical Board, Board Member BioDirection Inc.
Former directorships (last 3 years):	Massachusetts Medical Device Association
Interest in shares	201,139 ordinary shares
Interest in options	450,000

Paul Molloy (Non-Executive Director) – Appointed 16 December 2019

Qualifications	MBA from the University of Chicago Booth School of Business and Certified Registered Nurse Anaesthetist (CRNA) from Academisch Medisch Centrum, Alkmaar, Netherlands
Experience	<p>Paul Molloy has considerable global and US medical device industry expertise, with twenty-five years' experience 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. Before joining ClearFlow, Paul was CEO at VasoNova Inc.- a Silicon Valley-based, venture funded vascular navigation company which was acquired by Teleflex Inc. (NYSE, TFX), in January 2011. Following the acquisition, he was appointed President of Teleflex' largest division – ARROW Vascular – having full P&L responsibilities for direct sales, US and overseas manufacturing plants, R&D and strategic planning.</p> <p>Mr Molloy has also exited a number of leading US medical devices firms, including publicly traded cerebral oxygenation monitoring firm, CAS Medical Inc., and Revolutionary Medical Devices. He also serves on the Board at Augustine Medical a privately held market leader in medical arena temperature management.</p>
Other current directorships	None
Former directorships (last 3 years):	None
Interest in shares	104,167 ordinary shares
Interest in options	552,083

Jason Nunn (Non-Executive Director) – Appointed 20 February 2020

Qualifications	<p>MBA from the Stanford Graduate School of Business and an AB in Economics. Jason holds the Chartered Financial Analyst designation, is a member of the CFA Society of San Francisco, and recently completed the Stanford GSB Directors' Consortium executive education program.</p>
Experience	<p>Jason Nunn has more than 25 years' experience in the life science industry as an investor, independent director, research analyst and investment banker. Jake is currently a venture advisor at New Enterprise Associates (NEA), where he was a partner from 2006 to 2018. Jake is a Director of Addex Therapeutics (SIX,Nasdaq: ADXN), Qool Therapeutics, Inc., Regulus Therapeutics (Nasdaq: RGLS) and Trevena, Inc. (Nasdaq: TRVN). He was a previous Director of several companies in the pharmaceutical sector including Dermira Inc. (acquired by Eli Lilly) and Hyperion Therapeutics (acquired by Horizon Pharma plc), and a board observer at Vertiflex, Inc. (acquired by Boston Scientific).</p> <p>Prior to NEA, Jason was a Partner specializing in life sciences investing at MPM Capital. Previously, he was a healthcare research analyst and portfolio manager at Franklin Templeton Investments and an investment banker with Alex. Brown & Sons.</p>
Other current directorships	Jason is a Non-Executive Director at Addex Therapeutics, Qool Therapeutics, Regulus Therapeutics, and Trevena, Inc.
Former directorships (last 3 years):	Dermira, Inc. (May 2011 - February 2020)
Interest in shares	156,250 ordinary shares
Interest in options	578,125

Chris Hart	(Executive Director) (Founder) (Managing Director and Chief Executive Officer from 30 August 2018) (Clinical Director up to 29 August 2018)
Qualifications	Bachelor of Dental Science with Honours, Bachelor of Science in Biochemistry, Master of Philosophy in Biomedical Science.
Experience	<p>Chris is the founder of the Company and inventor of the O2Vent design concept. Chris is overseeing the launch of the O2Vent Optima to patients and through clinicians and heads the management team as they roll out the Oventus Sleep Treatment Platform across Australia, the United States and Canada. Chris is also heavily involved with training and presenting to the dental and sleep sector. Prior to establishing Oventus, Chris owned and managed a multi-site national dental practice, training institute and management consultancy which he sold to private equity investors.</p> <p>Chris also acts as an adviser to various bodies within the dental industry on the commercial aspects of health care delivery.</p>
Other current directorships	None
Former directorships (last 3 years):	None
Interest in shares	26,542,513 ordinary shares
Interest in options	5,971,464 options
Neil Anderson	(Executive Director) Resigned 16 December 2019 (Chief Technical Officer from 30 August 2018) (Managing Director and Chief Executive Officer up to 29 August 2018)
Qualifications	Bachelor of Applied Science (Hons), Diploma of Management, Graduate of the Institute of Company Directors (GAICD).
Experience	<p>Neil has over 30 years' experience in commercialising medical devices and managing the process from conception to market release including applied research, developing prototypes and testing, product development, manufacturing, regulatory submissions and clinical trials.</p> <p>Prior to taking on the role with Oventus, Neil founded and held the role of chief executive officer of CathRx for 10 years. In this role, Neil managed the process from the invention of the company's technology through to commercialising a range of products leading to sales in Europe.</p>
Other current directorships	None
Former directorships (last 3 years):	None
Interest in shares	5,837,365 ordinary shares
Interest in options	451,464 options

Stephen Denaro (Company Secretary)

Qualifications	Bachelor of Business, Chartered Accountant, a Member of AICD and a Graduate Diploma in Applied Corporate Governance.
Experience	Steve has extensive experience in mergers and acquisitions, business valuations, accountancy and income tax compliance services, as well as board corporate governance. Steve provides company secretary services for a number of biotech and software companies. Steve is also a member of the Institute of Chartered Accountants in Australia, and the Australian Institute of Company Directors.
Interest in shares	178,273 ordinary shares
Interest in options	225,366 options

Meetings of directors

During the financial year, 14 meetings of directors were held. Attendances were:

	Full Board	
	Number eligible to attend	Number attended
Mel Bridges (Chairman)	14	13
Neil Anderson	6	5
Chris Hart	14	13
Sue MacLeman	14	13
Sharad Joshi	14	12
Paul Molloy	8	7
Jason Nunn	7	7

Meetings of remuneration committee and audit and risk management committee

During the financial year, 1 meeting of the Remuneration and Nomination Committee were held and 2 meetings of the Audit and Risk Management Committee was held. Attendances were:

	Remuneration and Nomination		Audit and Risk Management	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mel Bridges (Chairman)	1	1	2	1
Sue MacLeman	1	1	2	2

Remuneration report (Audited)

Key management personnel (KMP) covered in this report

The following persons were directors of Oventus Medical Limited during the financial year:

- Mel Bridges (Chairman) (Non-Executive Director)
- Chris Hart (Executive Director) (Founder)
- Neil Anderson (Executive Director) (until 16 December 2019)
- Sue MacLeman (Non-Executive Director)
- Sharad Joshi (Non-Executive Director)
- Paul Molloy (Non-Executive Director appointed 16 December 2019)
- Jason Nunn (Non-Executive Director appointed 25 February 2020)

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

- Daniel Parry (Chief Financial and Operations Officer)
- Robin Randolph (Vice President of U.S. Marketing and Operations)
- Stephen Denaro (Company Secretary)

Remuneration policy and link to performance

The Group's remuneration policy adopted has been designed to:

- a. Align with shareholder and business objectives and expectations;
- b. Attract and retain suitably qualified and experienced people;
- c. Provide a level and composition of remuneration that is reasonable, fair and aligned to market;
- d. Encourage directors and executives to pursue the long term growth and success of the Company, balanced against the need to also achieve critical short term business objectives;
- e. Align corporate and individual performance;
- f. Be internally consistent;
- g. Be transparent with respect to setting performance goals and the measurement of performance against those goals; and
- h. Align with regional and industry standards and regulatory requirements.

The remuneration policy links to the Group's long-term performance by providing incentives to key management personnel based upon milestones which need to be met in the short to medium term which but which are essential requirements for the Group's long term performance. The issue of options to key personnel aligns their compensation to increases in share prices and, accordingly, increases in shareholder wealth. The remuneration policy is not based on earnings as this is not seen as the appropriate indicator of performance for key management personnel at this stage of the Group's life cycle.

Elements of remuneration

Remuneration packages may consist of fixed remuneration, short-term incentives and long term equity-based benefits.

Remuneration packages can be tailored to an individual's requirements to maximize available salary packaging options.

Total fixed remuneration consist of base salary, non-cash benefits provided inclusive of FBT (Fringe Benefit Tax) costs, as well as employer contributions to superannuation.

Short-term incentives consist of cash bonuses payable under the Company's Employee Incentive Plan, and are paid on the basis of an individual's performance and contributions during the year.

The Employee Incentive Plan is managed by the Remuneration and Nomination Committee, which sets and reviews relevant performance targets against which an individual's and the Company's short-term performance are measured.

Long-term benefits are provided by way of equity based incentives under the Company's Employee Option Plan, and are granted based on an assessment made by the Remuneration and Nomination Committee taking account of an individual's position, service and market-based assessment and an individual's capacity to influence corporate value.

The Employee Option Plan is managed by the Remuneration and Nomination Committee who recommends grants to individuals and the terms and performance criteria applicable.

Responsibilities of Remuneration and Nomination Committee

1. The Remuneration and Nomination Committee is responsible for determining appropriate levels and structure of remuneration for executives.
2. The Remuneration and Nomination Committee is responsible for approving performance metrics for executives and measuring performance against those metrics.
3. The Remuneration and Nomination Committee will review the remuneration of executives annually, taking account of market movements, comparative remuneration information and individual performance.

Remuneration expenses for KMP

	Short-term benefits			Post-employment benefits		Share-based payments	
	Cash salary &	Bonus	Other Benefits	Super	Termination benefits	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
For the year ended 30 June 2020							
<i>Non-executive directors</i>							
Mel Bridges	63,265	-	-	6,010	-	11,855	81,130
Sue MacLeman	42,557	-	-	4,043	-	11,855	58,455
Sharad Joshi	55,317	-	-	-	-	35,564	90,881
Paul Molloy (from 16 Dec 2019)	29,724	-	-	-	-	-	29,724
Jason Nunn (from 25 Feb 2020)	8,232	-	-	-	-	-	8,232
<i>Executive directors</i>							
Chris Hart	512,434	40,000	310,525	10,718	-	67,748	941,425
Neil Anderson (resigned 16 Dec 2019)	106,250	-	-	10,000	86,348	11,855	214,453
Total for directors	817,779	40,000	310,525	30,771	86,348	138,877	1,424,300
<i>Other key management personnel</i>							
Stephen Denaro	22,020	-	-	-	-	1,258	23,278
Daniel Parry	232,771	-	-	19,972	-	29,677	282,420
Robin Randolph	306,159	-	-	-	-	25,443	331,602
Total for other KMP	560,950	-	-	19,972	-	56,378	637,300

	Short-term benefits			Post-employment benefits		Share-based payments	
	Cash salary & fees	Bonus	Other Benefits	Super	Termination benefits	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
For the year ended 30 June 2019							
<i>Non-executive directors</i>							
Mel Bridges	73,059	-	-	6,941	-	5,855	85,855
Sue MacLeman	50,228	-	-	4,772	-	5,855	60,855
Sharad Joshi (from 17 Dec 2018)	41,241	-	-	-	-	-	41,241
<i>Executive directors</i>							
Chris Hart	398,988	-	-	37,904	-	11,710	448,603
Neil Anderson	231,668	-	-	22,002	-	11,710	265,381
Total for directors	795,185	-	-	71,619	-	35,131	901,935
<i>Other key management personnel</i>							
Stephen Denaro	22,913	-	-	-	-	3,657	26,570
Daniel Parry	225,000	-	-	21,375	-	21,187	267,562
Robin Randolph (from 1 April 2018)	249,188	-	39,013	-	-	11,903	300,104
Total for other KMP	497,102	-	39,013	21,375	-	36,747	594,236

The number of options held as at end of reporting period for KMP are as follows:

	Opening Balance	Movement	Closing Balance 30 June 2020	Vested as of 30 Jun 20	Vested & Exercisable as of 30 Jun 20
Directors					
Chris Hart	401,464	570,000	971,464	424,795	424,795
Mel Bridges	200,732	128,447	329,179	295,844	295,844
Neil Anderson	401,464	50,000	451,464	418,129	418,129
Sue MacLeman	200,732	50,988	251,720	218,385	218,385
Sharad Joshi	-	150,000	150,000	49,995	49,995
Paul Molloy	-	52,083	52,083	52,083	52,083
Jason Nunn	-	78,125	78,125	78,125	78,125
Other KMP					
Dan Parry	300,000	-	300,000	166,662	166,662
Robin Randolph	300,000	100,000	400,000	166,662	166,662
Steve Denaro	125,366	-	125,366	108,696	108,696

Contractual arrangements for executive KMP

Remuneration and employment terms for executive directors and other key management personnel are detailed in the employment agreements. The employment agreements do not have a fixed term. The Group may terminate the contracts immediately if the executive engages in serious misconduct, wilfully disobeys a lawful and reasonable direction or becomes bankrupt. Otherwise, the Group or the executive may terminate the contracts by giving three months' notice.

Non-executive director arrangements

The Board's policy is to remunerate non-executive Directors at market rates for comparable companies for the time, commitment and responsibilities undertaken by non-executive Directors.

Remuneration payable to non-executive Directors consists of fixed fees payable within the aggregate director fees approved by shareholders. In addition, statutory employer superannuation contributions are payable where relevant, as are non-cash benefits in lieu of fees.

Base fixed fees payable to non-executive Directors take account of work undertaken on Board committees. Additional fixed fees will be paid to directors who chair a Board committee.

In addition, non-executive Directors may participate under the terms of the Company's Employee Option Plan, subject to the relevant approval of shareholders.

Other than by way of payment of statutory employer superannuation contributions, retirement benefits are not granted to non-executive Directors.

The Remuneration and Nomination Committee reviews the remuneration of non-executive Directors annually. If considered necessary, the Remuneration and Nomination Committee will recommend that shareholders be asked to consider, and if considered appropriate, to approve any increase in the aggregate non-executive Director fees. The total amount of fixed fees paid to non-executive Directors must not exceed the maximum amount authorised by shareholders from time to time. As at 30 June 2020, the Consolidated Entity was a listed entity and the requirement to have non-executive director remuneration authorised is subject to approval at the Company's annual general meeting.

Where relevant, the Remuneration and Nomination Committee will seek advice from independent third parties to bench mark non-executive Director remuneration against relevant market practice.

End of Remuneration Report

Shares under option

Unissued ordinary shares

Unissued ordinary shares of Oventus Medical Limited under option at the date of this report are as follows:

<u>Expiry date</u>	<u>Exercise price</u>	<u>Number under option</u>
23 February 2021	\$ 0.578	2,274,954
30 June 2021	\$ 0.360	4,166,289
30 June 2021	\$ 0.360	9,687,477
1 December 2021	\$ 1.055	300,000
12 December 2022	\$ 0.961	600,000
24 February 2022	\$ 0.940	49,998
18 December 2022	\$ 1.016	200,000
2 July 2023	\$ 0.480	300,000
8 August 2023	\$ 0.424	380,000
15 January 2024	\$ 0.423	225,000
22 May 2024	\$ 0.403	100,000
8 December 2024	\$ 1.063	1,000,000
8 December 2024	\$ 0.423	370,000

Key Management Personnel Options

The number of options that have vested as of the reporting period 30 June 2020 are as follows:

	Exercise Price	Issue Date	FV per Option @ Grant Date	Closing Balance	Vested as of 30 Jun 20
Chris Hart					
Unlisted options - Vesting 17/2/17 Expiring 23/2/21	\$0.578	31-May-16	\$0.133	133,807	133,807
Unlisted options - Vesting 17/2/18 Expiring 23/2/21	\$0.578	31-May-16	\$0.133	133,807	133,807
Unlisted options - Vesting 17/2/19 Expiring 23/2/21	\$0.578	31-May-16	\$0.133	133,850	133,850
Unlisted options - Vesting 4/10/20 Expiring 8/12/24	\$1.063	10-Dec-19	\$0.384	166,650	-
Unlisted options - Vesting 4/10/21 Expiring 8/12/24	\$1.063	10-Dec-19	\$0.384	166,650	-
Unlisted options - Vesting 11/10/22 Expiring 8/12/24	\$1.063	10-Dec-19	\$0.384	166,700	-
Unlisted options - Vesting 14/12/19 Expiring 8/12/24	\$0.423	10-Dec-19	\$0.474	23,331	23,331
Unlisted options - Vesting 14/12/20 Expiring 8/12/24	\$0.423	10-Dec-19	\$0.474	23,331	-
Unlisted options - Vesting 21/12/22 Expiring 8/12/24	\$0.423	10-Dec-19	\$0.474	23,338	-
				<u>971,464</u>	<u>424,795</u>
Mel Bridges					
Unlisted options - Vesting 17/2/17 Expiring 23/2/21	\$0.578	31-May-16	\$0.133	66,903	66,903
Unlisted options - Vesting 17/2/18 Expiring 23/2/21	\$0.578	31-May-16	\$0.133	66,903	66,903
Unlisted options - Vesting 17/2/19 Expiring 23/2/21	\$0.578	31-May-16	\$0.133	66,926	66,926
Unlisted options - Vesting 18/6/20 Expiring 30/6/21	\$0.360	18-Jun-20	\$0.240	78,447	78,447
Unlisted options - Vesting 14/12/19 Expiring 8/12/24	\$0.423	10-Dec-19	\$0.474	16,665	16,665
Unlisted options - Vesting 14/12/20 Expiring 8/12/24	\$0.423	10-Dec-19	\$0.474	16,665	-
Unlisted options - Vesting 21/12/22 Expiring 8/12/24	\$0.423	10-Dec-19	\$0.474	16,670	-
				<u>329,179</u>	<u>295,844</u>
Neil Anderson					
Unlisted options - Vesting 17/2/17 Expiring 23/2/21	\$0.578	31-May-16	\$0.133	133,807	133,807
Unlisted options - Vesting 17/2/18 Expiring 23/2/21	\$0.578	31-May-16	\$0.133	133,807	133,807
Unlisted options - Vesting 17/2/19 Expiring 23/2/21	\$0.578	31-May-16	\$0.133	133,850	133,850
Unlisted options - Vesting 14/12/19 Expiring 8/12/24	\$0.423	10-Dec-19	\$0.474	16,665	16,665
Unlisted options - Vesting 14/12/20 Expiring 8/12/24	\$0.423	10-Dec-19	\$0.474	16,665	-
Unlisted options - Vesting 21/12/22 Expiring 8/12/24	\$0.423	10-Dec-19	\$0.474	16,670	-
				<u>451,464</u>	<u>418,129</u>
Sue MacLeman					
Unlisted options - Vesting 17/2/17 Expiring 23/2/21	\$0.578	31-May-16	\$0.133	66,903	66,903
Unlisted options - Vesting 17/2/18 Expiring 23/2/21	\$0.578	31-May-16	\$0.133	66,903	66,903
Unlisted options - Vesting 17/2/19 Expiring 23/2/21	\$0.578	31-May-16	\$0.133	66,926	66,926
Unlisted options - Vesting 18/6/20 Expiring 30/6/21	\$0.360	18-Jun-20	\$0.240	988	988
Unlisted options - Vesting 14/12/19 Expiring 8/12/24	\$0.423	10-Dec-19	\$0.474	16,665	16,665
Unlisted options - Vesting 14/12/20 Expiring 8/12/24	\$0.423	10-Dec-19	\$0.474	16,665	-
Unlisted options - Vesting 21/12/22 Expiring 8/12/24	\$0.423	10-Dec-19	\$0.474	16,670	-
				<u>251,732</u>	<u>218,385</u>
Sharad Joshi					
Unlisted options - Vesting 14/12/19 Expiring 8/12/24	\$0.423	10-Dec-19	\$0.474	49,995	49,995
Unlisted options - Vesting 14/12/20 Expiring 8/12/24	\$0.423	10-Dec-19	\$0.474	49,995	-
Unlisted options - Vesting 21/12/21 Expiring 8/12/24	\$0.423	10-Dec-19	\$0.474	50,010	-
				<u>150,000</u>	<u>49,995</u>
Paul Molloy					
Unlisted options - Vesting 18/6/20 Expiring 30/6/21	\$0.360	18-Jun-20	\$0.240	52,083	52,083
Jason Nunn					
Unlisted options - Vesting 18/6/20 Expiring 30/6/21	\$0.360	18-Jun-20	\$0.240	78,125	78,125

Oventus Medical Limited
ACN 608 393 282

	Exercise Price	Issue Date	FV per Option @ Grant Date	Closing Balance	Vested as of 30 Jun 20
Dan Parry					
Unlisted options - Vesting 05/12/18 Expiring 18/12/22	\$1.016	19-Dec-17	\$0.312	66,666	66,666
Unlisted options - Vesting 05/12/19 Expiring 18/12/22	\$1.016	19-Dec-17	\$0.312	66,666	66,666
Unlisted options - Vesting 12/12/20 Expiring 18/12/22	\$1.016	19-Dec-17	\$0.312	66,668	-
Unlisted options - Vesting 16/01/20 Expiring 15/01/24	\$0.423	16-Jan-19	\$0.155	33,330	33,330
Unlisted options - Vesting 16/01/21 Expiring 15/01/24	\$0.423	16-Jan-19	\$0.155	33,330	-
Unlisted options - Vesting 16/01/22 Expiring 15/01/24	\$0.423	16-Jan-19	\$0.155	33,340	-
				<u>300,000</u>	<u>166,662</u>
Robin Randolph					
Unlisted options - Vesting 17/05/19 Expiring 2/07/23	\$0.480	03-Jul-18	\$0.149	66,666	66,666
Unlisted options - Vesting 17/05/20 Expiring 2/07/23	\$0.480	03-Jul-18	\$0.149	66,666	66,666
Unlisted options - Vesting 24/05/21 Expiring 2/07/23	\$0.480	03-Jul-18	\$0.149	66,668	-
Unlisted options - Vesting 16/01/20 Expiring 15/01/24	\$0.423	16-Jan-19	\$0.155	33,330	33,330
Unlisted options - Vesting 16/01/21 Expiring 15/01/24	\$0.423	16-Jan-19	\$0.155	33,330	-
Unlisted options - Vesting 16/01/22 Expiring 15/01/24	\$0.423	16-Jan-19	\$0.155	33,340	-
Unlisted options - Vesting 4/10/20 Expiring 8/12/24	\$1.063	10-Dec-19	\$0.384	33,330	-
Unlisted options - Vesting 4/10/21 Expiring 8/12/24	\$1.063	10-Dec-19	\$0.384	33,330	-
Unlisted options - Vesting 11/10/22 Expiring 8/12/24	\$1.063	10-Dec-19	\$0.384	33,340	-
				<u>400,000</u>	<u>166,662</u>
Steve Denaro					
Unlisted options - Vesting 17/2/17 Expiring 23/2/21	\$0.578	31-May-16	\$0.133	33,451	33,451
Unlisted options - Vesting 17/2/18 Expiring 23/2/21	\$0.578	31-May-16	\$0.133	33,451	33,451
Unlisted options - Vesting 17/2/19 Expiring 23/2/21	\$0.578	31-May-16	\$0.133	33,464	33,464
Unlisted options - Vesting 16/01/20 Expiring 15/01/24	\$0.423	16-Jan-19	\$0.155	8,330	8,330
Unlisted options - Vesting 16/01/21 Expiring 15/01/24	\$0.423	16-Jan-19	\$0.155	8,330	-
Unlisted options - Vesting 16/01/22 Expiring 15/01/24	\$0.423	16-Jan-19	\$0.155	8,340	-
				<u>125,366</u>	<u>108,696</u>

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

Insurance of officers and indemnities

The Company maintains and pays premiums in respect of directors' and officers' insurance. Premiums paid in respect of insurance amounted to \$251,237 (2019: \$152,690).

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Oventus Medical Limited support and have adhered to key principles of corporate governance.

Please refer to the Corporate Governance Statement of Oventus Medical Limited on website www.ventus.com.au via the tab headed "Investor Centre" for more information.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 19 to the financial statements.

There were no non-audit services provided by the auditor (or by another person or firm on the auditor's behalf) during the financial year.

Auditor's independence declaration

The auditor's independence declaration is set out on the following page and forms part of the Directors' Report for the year ended 30 June 2020.

This report is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'm j Bridges', is written over a horizontal line.

Mel Bridges
Director

Brisbane

31st August 2020

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF OVENTUS MEDICAL LIMITED AND CONTROLLED
ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

PKF BRISBANE AUDIT



CAMERON BRADLEY
PARTNER

BRISBANE
31 AUGUST 2020

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2020

	Note	30-June 2020 \$	30-June 2019 \$
Device Sale Revenue		358,921	331,837
Service Fee Revenue		60,377	-
Total Revenues		419,298	331,837
Cost of Sales		231,736	158,239
Gross Profit		187,562	173,598
Less: Expenses			
Staff Costs	3	4,820,231	3,741,566
Staff Costs – Share Based Payments		308,888	190,736
Depreciation and amortisation		1,526,652	768,453
Administration		347,969	471,585
Travel		822,751	722,350
Sales & Marketing		520,699	670,926
Information technology costs		427,277	383,463
IP Audit Legal & Consulting		375,704	362,047
Insurance		380,761	282,016
Clinical Studies, Research & Regulatory		571,831	389,202
Office & Lab		322,453	346,222
Total expenses		10,425,216	8,328,566
Other income (expenses)			
Interest income		45,003	154,539
Interest expense		(5,370)	-
Other income		71,657	152,174
		111,290	306,713
Loss before income tax expense		(10,126,364)	(7,848,255)
Income tax expense	15	-	-
Loss for the year attributable to members of the company		(10,126,364)	(7,848,255)
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations		(13,118)	(116,147)
Total comprehensive loss attributable to members of the company		(10,139,482)	(7,964,402)
Earnings per share for profit/(loss) from continuing operations:	24		
Basic earnings per share		(7.75)	(7.41)
Diluted earnings per share		(7.75)	(7.41)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2020

		30-June 2020	30-June 2019
	Note	\$	\$
Current assets			
Cash and cash equivalents	4	8,455,393	2,998,563
Trade and other receivables	5	179,113	79,068
Other current assets	6	1,274,242	1,363,614
Total current assets		9,908,748	4,441,245
Non-current assets			
Property, plant and equipment	7	966,271	699,398
Right of use assets	8	44,033	-
Intangible assets	9	3,333,320	3,744,100
Deposits		74,732	74,732
Total non-current assets		4,418,356	4,518,230
Total assets		14,327,104	8,959,475
Current liabilities			
Trade and other payables	10	1,699,751	1,391,918
Other current liabilities	11	321,511	135,016
Total current liabilities		2,021,262	1,526,934
Non-current liabilities			
Other liabilities	11	89,817	75,936
Total non-current liabilities		89,817	75,936
Total liabilities		2,111,079	1,602,870
Net assets		12,216,025	7,356,605
Equity			
Share capital	12	44,333,763	29,640,394
Share based payment reserve	13	711,364	500,212
Translation reserve		(125,370)	(112,252)
Accumulated losses	14	(32,703,732)	(22,671,750)
Total equity		12,216,025	7,356,605

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Contributed Equity \$	Share Based Payments Reserve \$	Translation Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2018	29,640,394	309,476	3,895	(14,823,495)	15,130,270
Loss for the year	-	-	-	(7,848,255)	(7,848,255)
Other comprehensive income	-	-	(116,147)	-	(116,147)
Total comprehensive income for the year	-	-	(116,147)	(7,848,255)	(7,964,402)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	-	-	-	-	-
Share based payments	-	190,736	-	-	190,736
Total transactions with owners in their capacity as owners:	-	190,736	-	-	190,736
Balance at 30 June 2019	29,640,394	500,212	(112,252)	(22,671,750)	7,356,605
Cumulative adjustment upon adoption of new accounting standards – AASB 16				(3,304)	(3,304)
Balance at 1 July 2019	29,640,394	500,212	(112,252)	(22,675,054)	7,353,300
Loss for the year	-	-	-	(10,126,364)	(10,126,364)
Other comprehensive income	-	-	(13,118)	-	(13,118)
Total comprehensive income for the year	-	-	(13,118)	(10,126,364)	(10,139,482)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	14,693,369	-	-	-	14,693,369
Share based payments	-	308,838	-	-	308,838
Write-off of forfeit options	-	(97,686)	-	97,686	-
Total transactions with owners in their capacity as owners:	14,693,369	211,152	-	97,686	15,002,207
Balance at 30 June 2020	44,333,763	711,364	(125,370)	(32,703,732)	12,216,025

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

		30-June 2020 \$	30-June 2019 \$
	Note		
Cash flows from operating activities			
Receipts from customers		392,580	348,000
Payments to suppliers and employees		(8,929,306)	(6,644,951)
Interest received		39,600	192,649
R&D grants and concessions received		828,120	1,192,162
Interest and other finance costs paid		-	-
Net cash outflow from operating activities	23	(7,669,006)	(4,912,140)
Cash flows from investing activities			
Payments for property, plant and equipment		(652,342)	(66,836)
Payments for intangible assets		(1,163,041)	(1,874,861)
Proceeds from (payments for) term-deposits		-	(5,638)
Proceeds from sale of property, plant and equipment		302,613	69,527
Net cash outflow from investing activities		(1,512,770)	(1,877,808)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	12	14,756,209	-
Net cash inflow from financing activities		14,756,209	-
Net increase (decrease) in cash held		5,574,433	(6,789,948)
Cash and cash equivalents at the beginning of the financial period		2,998,563	9,894,959
Effects of exchange rate changes on cash and cash equivalents		(117,603)	(106,449)
Cash and cash equivalents at the end of the financial year		8,455,393	2,998,563

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

These financial statements have been prepared under the historical cost convention on an accrual basis of accounting and a going concern assumption.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 20.

Principles of consolidation

The Statement of Comprehensive Income and Statement of Financial Position as at 30 June 2020 incorporate the assets, liabilities and results of the Company and its controlled entities. A subsidiary is any entity over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

All intercompany balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of controlled entities are consistent with the policies adopted by the parent unless otherwise stated below.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

A list of controlled entities is at Note 21.

1. Significant accounting policies (continued)

Comparative information

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Segment Reporting

The Group is a medical device developer operating within a sole industry, being the development of oral appliances for sleep disorders. The Group operates predominantly in Australia and has established sales and marketing operations in the United States of America in January 2017. For management purposes, the Group has two operating segments: Australia and North America, comprising United States of America and Canada.

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

Revenue recognition

Revenue from contracts with customers is measured at the transaction price specified in the contract and is net of amounts expected to be refunded to the customer such as rebates. The entity is an agent for revenue recognition purposes with regard to contracts with distributors and records revenue at net amount of distributor fees. There are no contracts with customers that have significant financing components.

The Group manufactures and sells devices for the treatment of obstructive sleep apnoea. Revenue is recognised when control of the products has transferred to the distributor / customer. For such transactions, this is when the products are delivered to the distributors / customers. Volume discounts can be provided with the sale of these items, depending on the volume of aggregate sales made to eligible distributors / customers. Revenue from these sales is based on the price stipulated in the contract, recognition of revenue and distribution discounts are calculated on a monthly basis.

A receivable is recognised when the goods are delivered. The Group's right to consideration is deemed unconditional at this time, as only the passage of time is required before payment of that consideration is due. There is no significant financing component because sales (which include those with volume discounts) are made within a credit term of 30 days.

The Group provides services to clinicians delivering the Group's oral appliances out of Sleep Labs and other facilities contracted by the Group, which includes the use of clinical space equipped for the fitting and delivery of oral appliances, patient management, marketing and other support infrastructure. Revenue is recognised over time as the service is provided to the clinicians. The Master Services Agreement with the clinician allows the clinician the right to cancel the agreement with one to three month's notice without penalty.

All revenue is stated net of the amount of goods and services tax (GST).

Government grants

Grants from government, including Australian Research and Development Tax Incentive (RDTI), are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions.

1. Significant accounting policies (continued)

Where a grant is received relating to research and development costs that have been expensed, the grant is recognised as other income when the grant becomes receivable. When the grant relates to an asset, the cost of the asset is shown net of the grant or receivable.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Cost of Goods Sold

The Consolidated Entity has progressed from the pilot phase of manufacturing devices for the Australian and North American markets to scalable production within the ordinary course of business. Accordingly, the Consolidated Entity has presented applicable expenditures as Costs of Sales in the current period and reclassified comparative amounts.

Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1. Significant accounting policies (continued)

Expenses

All expenses are recognised in the Statement of Comprehensive Income on an accrual basis. Amounts disclosed as expenses are net of taxes paid except where the amount of goods and services tax incurred is not recoverable from the taxation authority. In these circumstances, the tax is recognised as part of the expense.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently shown net of provision for bad debts. Trade receivables are generally due for settlement within 30 days for device revenue and 60 days for service fees.

They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 5.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 5.

1. Significant accounting policies (continued)

Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment is measured on a cost basis.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of property, plant and equipment is not depreciated.

Class of fixed asset	Useful lives
Office furniture & fixtures	5 years
Computer equipment	4 years
Sleep and production equipment	7 years
Dental imaging equipment	7 years
Motor vehicles	8 years

Intangible assets

Patents, trademarks and licences

Patents, trademarks and licences are recognised at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The Group's estimate of the useful lives of its patents, trademarks and licenses is 20 years.

Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Any research and development tax offsets or grants received relating to development costs are deducted from the total development cost. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over the estimated useful life of 5 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

1. Significant accounting policies (continued)

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied.

Classification and subsequent measurement

Financial liabilities

There has been no impact on the accounting for the Group's financial liabilities which continue to be classified and measured at amortised cost using the effective interest method.

Financial assets

Financial assets are subsequently measured at either:

- Amortised cost
- Fair value through other comprehensive income; or
- Fair value through profit or loss

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates

Cash, funds on deposit and trade receivables are measured at amortised cost.

Derecognition

Financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

Impairment

The Group recognises a loss allowance for expected credit losses.

The Group's financial assets that are subject to AASB 9's new expected credit loss model include:

- Trade and other receivables

The Group applies the simplified approach to measuring expected credit losses for trade receivables where the lifetime expected credit loss is recognised. To measure the expected credit losses, the trade receivables have been grouped by days past due and default rates have been applied to each group. The default rates have been

1. Significant accounting policies (continued)

Impairment (continued)

estimated based on historical rates over a 4 year period. On adoption of AASB 9, the resulting expected credit loss calculated under this method was compared to the existing provision recognised under AASB 139. As this did not result in a material difference, no adjustment was made on adoption of the standard.

Trade and other payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial period, which are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets that have an indefinite useful life are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

For an asset measured at cost, an impairment loss is recognised in profit or loss where the carrying amount of the asset exceeds its recoverable amount.

Reversal of impairment loss for an asset measured at cost other than goodwill is recognised immediately in profit or loss.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount has been reliably estimated.

Leases

The Consolidated Entity has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

- AASB 16: Leases

This note describes the nature and effect of the adoption of AASB 16: Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

1. Significant accounting policies (continued)

Leases (continued)

a. Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

b. Initial Application of AASB 16: Leases

The Group has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16 the comparatives for the 2018 reporting period have not been restated.

The Group has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: Leases where the Group is the lessee.

There has been no significant change from prior year treatment for leases where the Group is a lessor.

Lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets for the remaining leases have been measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and the prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

1. Significant accounting policies (continued)

Leases (continued)

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied.
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases.
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate.
- applying AASB 16 to leases previously identified as leases under AASB 117: Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application.
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

The difference of \$177,086 between the lease liability (\$179,440) as at 1 July 2019 and the discounted operating lease commitments as at 30 June 2019 (\$356,526) comprises short-term leases of \$177,086, which are expensed on a straight-line basis.

The Group's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 4.5%.

Employee entitlements

Liabilities for salaries including annual leave expected to be settled within 12 months of the reporting date are recognised in current employee entitlements in respect of employee services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for long service leave is based on current salary levels, years of completed service and the estimated probability that the employee will remain with the Group.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as a part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Contributed equity

Ordinary shares are classified as equity; incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

1. Significant accounting policies (continued)

Share-based payment transactions (continued)

The annualised volatility was computed based on the daily standard deviation of the stock multiplied by the square root of 252 trading days in the financial year.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards are that they are not likely to have a material impact on the financial position or performance of the group.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Development costs

The Group capitalises development costs for a project in accordance with the accounting policy as per note 1. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits. At 30 June 2020, the carrying amount of capitalised development costs was \$2,051,623 (2019: \$2,688,803).

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the group based on known information. This consideration extends to the nature of the services offered, customers, supply chain, staffing and geographic regions in which the group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

There were significant trading disruptions between April and May 2020, however various Government stimulus measures were obtained in Australia, United States and Canada where the Group operates and trading has returned to pre-pandemic levels. The board continues to actively monitor the situation.

2. Critical accounting judgements, estimates and assumptions (continued)

Going concern

The financial statements have been prepared on a going concern basis that presumes the realisation of assets and the discharge of liabilities in the normal course of operations for the foreseeable future.

The ability of the Group to continue on a going concern basis is dependent upon the following:

- The successful development of the Group's product
- Success in achieving budgeted sales and positive cash flow from operations, and
- The ability to raise further capital as required.

During the year, the Group made a loss before tax of \$10,126,364 (2019: loss of \$7,848,255) and has accumulated losses of \$32,703,732. However, as at 30 June 2020, the current assets exceed its current liabilities by \$7,887,486. Thus, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence in the foreseeable future. However, additional capital raising may be required in the future to meet expansionary and long-term goals.

	30-June 2020 \$	30-June 2019 \$
3. Staff Costs		
Short term employee benefits expense	5,968,572	4,363,361
Less		
Employee costs capitalised to R&D Intangible assets	(548,937)	(621,795)
COVID19 related Government stimulus received	(599,404)	-
	<u>4,820,231</u>	<u>3,741,566</u>

	30-June 2020 \$	30-June 2019 \$
4. Cash and cash equivalents		
Cash on hand	48	308
Cash at bank	2,455,345	1,498,255
Short-term deposits	6,000,000	1,500,000
	<u>8,455,393</u>	<u>2,998,563</u>

	30-June 2020 \$	30-June 2019 \$
5. Trade and other receivables		
Trade receivables	80,446	70,250
GST receivable	40,170	33,881
Other receivables	71,979	4,940
	<u>192,595</u>	<u>109,071</u>
Less allowance for doubtful debts	13,482	30,003
	<u>179,113</u>	<u>79,068</u>

5. Trade and other receivables (continued)

	30-June 2020 \$
Trade and other receivables	
Not Past Due	21,486
Past Due 0-30 Days	31,396
Past Due 90 Days and over	7,639
Past Due 61-90 Days	19,925
	<u>80,446</u>

As at 30 June 2020, trade receivables of \$13,482 (2019: \$30,003) were past due and considered impaired.

	30-June 2020 \$	30-June 2019 \$
6. Other current assets		
Prepayments	446,107	95,636
Accrued research & development tax credit	588,890	1,032,999
Inventory	54,842	93,545
Other assets	184,403	141,434
	<u>1,274,242</u>	<u>1,363,614</u>

7. Property, plant and equipment

On 21 June 2018, the Group entered into an Equipment Ownership & Management Agreement with CSIRO with headquarters in Canberra, ACT 2601 wherein both parties agreed to share equally in the ownership and maintenance of the Arcam Equipment (the Equipment) in the period from 1 July 2018 to 30 June 2026. The transaction was accounted for as a joint operation in accordance with AASB 11, *Joint arrangements*. Accordingly, the Group's share in the Equipment has been disclosed separately as "Assets Under Joint Arrangement". In March 2020 the Group disposed of its share in the Arcam Equipment for cash consideration of \$300,000.

	Computer and office furniture and equipment	Sleep and production equipment	Company Vehicles	Leasehold improvement	Assets Under Joint Arrangement	Total
Year ended 30 June 2019	\$	\$	\$	\$	\$	\$
Opening net book amount	48,255	256,228	-	86,237	311,369	702,089
Additions	23,089	133,313	-	-	-	156,402
Reclassification	-	-	-	-	-	-
Disposals - cost	-	(14,279)	-	-	-	(14,279)
Disposals - accumulated depreciation	-	7,820	-	-	-	7,820
Depreciation charge	(21,137)	(63,502)	-	(28,743)	(39,252)	(152,634)
Closing net book amount	<u>50,207</u>	<u>319,580</u>	<u>-</u>	<u>57,494</u>	<u>272,117</u>	<u>699,398</u>

7. Property, plant and equipment (continued)

	Computer and office furniture and equipment	Sleep and production equipment	Company Vehicles	Leasehold improvement	Assets Under Joint Arrangement	Total
	\$	\$	\$	\$	\$	\$
At 30 June 2019						
Cost	101,530	529,550	-	230,883	311,369	1,173,332
Accumulated depreciation	(51,323)	(209,970)	-	(173,389)	(39,252)	(473,934)
Net book amount	50,207	319,580	-	57,494	272,117	699,398
Year ended 30 June 2020						
Opening net book amount	50,207	319,580	-	57,494	272,117	699,398
Additions	57,040	602,760	39,502	-	-	699,302
Reclassification	-	-	-	-	-	-
Disposals - cost	-	(5,818)	-	-	(311,369)	(317,187)
Disposals - accumulated depreciation	-	2,880	-	-	61,888	64,768
Depreciation charge	(33,705)	(86,221)	(4,008)	(33,440)	(22,636)	(180,010)
Closing net book amount	73,542	833,181	35,494	24,054	-	966,271
At 30 June 2020						
Cost	158,570	1,126,492	39,502	230,883	-	1,555,447
Accumulated depreciation	(85,028)	(293,311)	(4,008)	(206,829)	-	(589,176)
Net book amount	73,542	833,181	35,494	24,054	-	966,271

8. Right of use assets

	Lease right of use asset	Total
	\$	\$
Year ended 30 June 2020		
Opening net book amount	-	-
Initial adoption of AASB 16 – cost	264,209	264,209
Initial adoption of AASB 16 – accumulated depreciation	(88,071)	(88,071)
Depreciation expense	(132,105)	(132,105)
Closing net book amount	44,033	44,033
At 30 June 2020		
Cost	264,209	264,209
Accumulated depreciation	(220,176)	(220,176)
Net book amount	44,033	44,033

9. Intangible assets	Patents, trademarks and licences	Software	Development costs	Total
	\$	\$	\$	\$
Year ended 30 June 2019				
Opening net book amount	644,309	103,293	2,464,345	3,211,947
Additions	348,519	54,854	1,318,854	1,722,227
Tax concession received or receivable	-	-	(574,255)	(574,314)
Amortisation expense	(49,851)	(45,827)	(520,141)	(615,819)
Closing net book amount	942,977	112,320	2,688,803	3,744,100

9. Intangible assets (continued)	Patents, trademarks and licences \$	Software \$	Development costs \$	Total \$
At 30 June 2019				
Cost	1,052,446	356,212	3,794,623	5,203,281
Accumulated amortisation	(109,469)	(243,892)	(1,105,820)	(1,459,181)
Net book amount	942,977	112,320	2,688,803	3,744,100
Year ended 30 June 2020				
Opening net book amount	942,977	112,320	2,688,803	3,744,100
Additions	315,113	48,161	779,618	1,142,892
	-	-	(339,135)	(339,135)
Tax concession received or receivable				
Amortisation expense	(65,864)	(71,010)	(1,077,663)	(1,214,537)
Closing net book amount	1,192,226	89,471	2,051,623	3,333,320
At 30 June 2020				
Cost	1,367,559	404,373	4,235,106	6,007,038
Accumulated amortisation	(175,333)	(314,902)	(2,183,483)	(2,673,718)
Net book amount	1,192,226	89,471	2,051,623	3,333,320

Development costs are shown net of amounts received or receivable subject to the research and development tax concession.

	30-June 2020 \$	30-June 2019 \$
10. Trade and other payables		
Trade creditors	512,631	730,794
PAYG Withholding payable	23,687	170,768
Employee benefits payable	224,291	18,747
Other creditors	939,142	471,610
	1,699,751	1,391,918

	30-June 2020 \$	30-June 2019 \$
11. Other liabilities		
<i>Current</i>		
Employee benefits – annual leave	275,294	135,016
Lease liability	46,217	-
	321,511	135,016
<i>Non-current</i>		
Employee benefits – long service leave	89,817	75,936
	89,817	75,936

	30-June 2020 Number of Shares #	30-June 2020 Value of Shares \$	30-June 2019 Number of Shares #	30-June 2019 Value of Shares \$
12. Equity – Share capital				
Opening Balance	105,939,212	29,640,394	105,939,212	29,640,394
Ordinary shares issued:				
1 August 2019	15,757,491	5,987,847	-	-
28 August 2019	6,085,092	2,312,335	-	-
17 September 2019	2,747,922	1,044,210	-	-
8 May 2020	19,010,416	4,562,500	-	-
18 June 2020	364,584	87,600	-	-
18 June 2020	8,332,984	2,000,001	-	-
Share issue costs	-	(1,301,124)	-	-
At reporting date	158,237,701	44,333,763	105,939,212	29,640,394

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	30-June 2020 \$	30-June 2019 \$
13. Equity – Share based payment reserve		
Share based payment reserve at beginning of year	500,212	309,476
Share based payment expense	308,838	190,736
Transfer to accumulated losses	(97,686)	-
Share based payment reserve at end of year	711,364	500,212

The share-based payment reserve is used to recognise the value of equity-settled share based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 25 for further details.

	30-June 2020 \$	30-June 2019 \$
14. Accumulated losses		
Accumulated losses at beginning of year	(22,671,750)	(14,823,495)
Cumulative adjustment upon adoption of new accounting standard – AASB 16	(3,304)	-
Transfer from share-based payments reserve	97,686	-
Loss for the period	(10,126,364)	(7,848,255)
Accumulated losses at end of year	(32,703,732)	(22,671,750)

15. Income tax expense

	30-June 2020	30-June 2019 (restated)
	\$	\$
Current tax	-	-
Adjustment recognised for prior periods	-	-
Aggregate income tax expense	-	-
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense from continuing operations	(10,126,364)	(7,848,255)
Profit before income tax expense from discontinued operations		
Tax at the statutory tax rate of 27.5%	(2,784,750)	(2,158,270)
Tax effect amounts which are not deductible in calculating taxable income:		
Non-assessable or deductible items	80,864	(21,681)
Research and development concession	28,371	290,360
	(2,675,515)	(1,889,591)
Unused tax losses for which no deferred tax asset has been recognised	2,675,515	1,889,591
Income tax expense	-	-

	30-June 2020	30-June 2019
	\$	\$
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	30,538,564	20,809,419
Potential tax benefit at 27.5%	8,398,105	5,722,590

16. Financial instruments

The Group's activities expose it to a variety of financial risks: market risk (which includes foreign currency risk), interest rate risk, credit risk and liquidity risk. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates and foreign exchange risk and aging analysis for credit risk. Risk management is carried out by the chief executive officer under policies approved by the directors. These policies include identification and analysis of risks and appropriate procedures to address these and report to the board of directors annually as to the effectiveness of the Group's management of its key business risks.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income.

16. Financial instruments (continued)

Foreign currency risk

Exposure to foreign currency risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the US dollar and Canadian dollar may impact on the Group's financial results unless those exposures are appropriately hedged.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the operations. The foreign currency risk in the books of the Parent Entity is considered immaterial and is therefore not shown.

2020 Consolidated Group	Net Financial Assets/ (Liabilities) in AUD			
	AUD	USD	CAD	Total AUD
	\$	\$	\$	\$
Australian dollar	6,769,988	(29,554)	12,387	6,752,821
Cash and Cash Equivalents	8,078,962	-	-	8,078,962
Trade and Other Receivables	97,951	20,217	14,813	132,981
Trade and Other Payables	(1,406,925)	(49,771)	(2,426)	(1,459,122)
US dollar	-	134,459	(1,684)	132,776
Cash and Cash Equivalents	-	321,750	-	321,750
Trade and Other Receivables	-	10,534	-	10,534
Trade and Other Payables	-	(197,825)	(1,684)	(199,508)
Canadian dollar	-	-	62,641	62,641
Cash and Cash Equivalents	-	-	54,681	54,681
Trade and Other Receivables	-	-	49,081	49,081
Trade and Other Payables	-	-	(41,121)	(41,121)
Statement of financial position exposure	6,769,988	104,905	73,344	6,948,238

2019 Consolidated Group	Net Financial Assets/ (Liabilities) in AUD			
	AUD	USD	CAD	Total AUD
	\$	\$	\$	\$
Australian dollar	1,822,603	(9,139)	(42,011)	1,771,454
Cash and Cash Equivalents	2,826,645	-	-	2,826,645
Trade and Other Receivables	76,584	32,025	463	109,071
Trade and Other Payables	(1,080,625)	(41,164)	(42,473)	(1,164,262)
US dollar	-	(55,737)	-	(55,737)
Cash and Cash Equivalents	-	171,919	-	171,919
Trade and Other Payables	-	(227,656)	-	(227,656)
Statement of financial position exposure	1,822,603	(64,876)	(42,011)	1,715,717

16. Financial instruments (continued)

Interest rate risk

The Group's main interest rate risk arises from cash and cash equivalents.

The Group has reviewed its sensitivity to interest rate risks and determined that this is not material.

As at the reporting date, the Group had the following cash and cash equivalents:

Consolidated	30-Jun-2020		30-Jun-19	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash on hand	nil	48	nil	308
Short term deposits	1.43%	6,000,000	2.35%	1,500,000
Cash at bank	nil	2,455,345	nil	1,498,255
Deposits	1.43%	74,732	2.35%	74,732
Net exposure to cash flow interest rate risk		<u>8,530,125</u>		<u>3,073,295</u>

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The management assess the credit quality of its customers taking into account their financial position and past experience. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Financial assets

Set out below is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 30 June 2020 and 2019:

	30-June 2020 \$	30-June 2019 \$
Financial assets at amortised cost:		
Trade and other receivables	192,595	109,071
Total	<u>192,595</u>	<u>109,071</u>

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

16. Financial instruments (continued)

	30-Jun-20		30-Jun-19	
	Weighted average interest rate %	1 year or less \$	Weighted average interest rate %	1 year or less \$
Non-derivatives				
<i>Non-interest bearing</i>				
Trade and other payables	nil	1,699,751	nil	1,391,919
Total non-derivatives		<u>1,699,751</u>		<u>1,391,919</u>

* *Weighted average interest rate*

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

17. Related party transactions

No related party transactions were recorded for the financial reporting year (2019: nil).

18. Key management personnel

Directors

The following persons were directors of Oventus Medical Limited during the financial year:

- Mel Bridges (Chairman) (Non-Executive Director)
- Christopher Hart (Executive Director) (Founder) (Managing Director and Chief Executive Officer from 30 August 2018) (Clinical Director up to 29 August 2018)
- Neil Anderson (Executive Director) (Chief Technical Officer from 30 August 2018) (Managing Director and Chief Executive Officer up to 29 August 2018) (resigned 16 December 2019)
- Sue MacLeman (Non-Executive Director)
- Sharad Joshi (Non-executive Director)
- Paul Molloy (Non-executive Director from 16 December 2019)
- Jason Nunn (Non-executive Director from 20 February 2020)

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

- Daniel Parry (Chief Financial and Operations Officer from 5 December 2017)
- Robin Randolph (Vice President of U.S. Marketing and Operations from 1 April 2018)
- Stephen Denaro (Company Secretary)

Compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2020.

18. Key management personnel (continued)

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	30-June 2020 \$	30-June 2019 \$
Short-term employee benefits	1,418,729	1,292,287
Post-employment benefits	50,743	132,007
Share-based payments	195,255	71,878
Termination payments	86,348	-
	<u>1,751,075</u>	<u>1,496,172</u>

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PKF Brisbane Audit the auditor of the Group:

	30-June 2020 \$	30-June 2019 \$
<i>Audit services - PKF Brisbane Audit</i>		
Audit or review of the financial statements	<u>48,400</u>	<u>47,400</u>

20. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	30-June 2020 \$	30-June 2019 \$
Loss after income tax	(1,073,159)	(374,510)
Total comprehensive income	<u>(1,073,159)</u>	<u>(374,510)</u>

Statement of financial position

Total current assets	<u>8,361,151</u>	<u>2,394,551</u>
Total assets	<u>42,223,176</u>	<u>27,628,347</u>
Total current liabilities	<u>1,013,218</u>	<u>69,614</u>
Total liabilities	<u>1,013,218</u>	<u>69,614</u>
Equity		
Issued capital	44,364,778	29,640,394
Accumulated losses	<u>(3,154,820)</u>	<u>(2,081,661)</u>
Total equity	<u>41,209,958</u>	<u>27,558,733</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 2019.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 2019.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2020 and 2019.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

21. Interest in subsidiaries

The consolidated financial statements include the financial statements of Oventus Medical Limited and subsidiaries listed in the following table:

Name	Country of Incorporation	Equity Interest	
		2020	2019
Oventus Manufacturing Pty Ltd	Australia	100%	100%
Oventus CRM Pty Ltd	Australia	100%	100%
Oventus Medical USA, Inc.	United States	100%	100%
Dental Sleep Care Alliance, LLC	United States	100%	100%
Oventus Medical Canada, Inc.	Canada	100%	100%

Dental Sleep Care Alliance, LLC was incorporated as a wholly owned subsidiary of Oventus Medical USA, Inc. on 22 April 2019. The purpose of this entity is to provide patient management and billing services to practitioners in the USA.

Oventus Medical Canada, Inc. was incorporated as a wholly owned subsidiary of the Company on 20 May 2019. The purpose of this entity is to market and distribute the Group's devices in Canada and to provide patient management and billing services to practitioners in Canada.

The principal activities of the remaining subsidiaries are:

- Oventus Manufacturing Pty Ltd - operating entity responsible for the development and manufacture of the Group's devices.
- Oventus CRM Pty Ltd – provides appointment management and billing services to practitioners in Australia
- Oventus Medical USA, Inc. – market and distribute the Group's devices in the USA.

22. Subsequent events

In July, Oventus announced additional 'Lab in Lab' agreements across 9 sites with two new sleep groups, Tri Hospital Sleep and Ontario Sleep Care, both located in Canada. Under these agreements, Oventus technology will be offered to patients of the 9 sites.

Tri Hospital Sleep in Ontario is one of Mississauga's largest privately-owned providers of diagnostics and treatment for OSA. Under the agreement, "Lab in Lab" facilities will be implemented in its largest location with 14 beds of sleep diagnostics. Once fully deployed, Tri Hospital Sleep expects to order 20 O2Vent Optima devices per month.

Ontario Sleep Care is a large, privately-owned provider of treatment for OSA with 8 locations across the province of Ontario, Canada. The agreement provides Oventus' O2Vent Optima and ExVent therapy across the network of sites as an alternative for CPAP-intolerant individuals. Patients will also be referred to the 8 sites from satellite locations. Once fully deployed, each Ontario Sleep Care location expects to order 10 O2Vent Optima devices per month.

Both agreements have a term of three years, with an automatic three-year renewal, unless a party elects not to renew no later than 180 days prior to the end of the third year.

On the 7th of August 2020, the Company issued 6,900,000 options to Directors under the Executive Share Option Plan following shareholder approval under ASX Listing Rule 10.14 and Chapter 2E of the Corporations Act and issued 2,955,000 options to non-related party employees.

23. Reconciliation of loss after income tax to net cash from operating activities

	30-June 2020 \$	30-June 2019 \$
Loss after income tax expense for the year	(10,126,364)	(7,848,255)
<i>Adjustments for:</i>		
Depreciation and amortisation	1,526,652	768,453
Net loss (gain) on disposal of assets	(50,194)	-
Share-based payments	308,838	190,736
Research and development tax concession	339,134	574,255
Foreign exchange fluctuations	(10,986)	(9,698)
<i>Change in operating assets and liabilities:</i>		
(Increase) / decrease in trade and other receivables	(100,045)	483,139
(Increase) in other assets	89,372	8,603
Increase / (decrease) in trade and other payables	307,833	830,443
Increase in employee benefits	(153,621)	-
Decrease in other liabilities	200,375	90,184
Net cash outflow from operating activities	<u>(7,669,006)</u>	<u>(4,912,140)</u>

24. Loss per share

	30-June 2020 \$	30-June 2019 \$
Loss per share from continuing operations		
Loss after income tax	<u>(10,126,364)</u>	<u>(7,848,255)</u>
Loss after income tax attributable to the owners of Oventus Medical Limited	<u>(10,126,364)</u>	<u>(7,848,255)</u>
		Numbers
Weighted average number of ordinary shares used in calculating basic loss per share	130,615,992	105,939,212
Adjustments for calculation of diluted loss per share:		
Options over ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>130,615,992</u>	<u>105,939,212</u>
	Cents	Cents
Basic loss per share	(7.75)	(7.41)
Diluted loss per share	(7.75)	(7.41)

25. Share-based payments

Share options

Share options are issued to eligible participants under the Company's Employee Share Option Plan. The Company has options outstanding of 5,799,952 as at 30 June 2020 (2019: 4,579,952).

The offer has a three-year vesting period with an expiry of five years and is equity-settled.

Set out below are summaries of options granted under the plan:

Grant date	Expiry date	Fair Value per option at grant date	Exercise price	Balance at the start of the year	Granted	Expired/ forfeited/ other	Exercised	Vested at the end of the year	Balance at the end of the year
As at 30 June 2020									
24/02/2016	23/02/2021	\$0.13	\$0.58	2,274,954	-	-	-	2,274,954	2,274,954
14/04/2016	14/04/2021	cancelled	\$0.73	-	-	-	-	-	-
1/12/2016	1/12/2021	\$0.42	\$1.06	300,000	-	-	-	300,000	300,000
23/05/2017	12/12/2022	\$0.11	\$0.96	600,000	-	-	-	600,000	600,000
25/02/2017	24/02/2022	\$0.12	\$0.94	49,998	-	-	-	49,998	49,998
18/12/2017	18/12/2022	\$0.31	\$1.02	200,000	-	-	-	133,332	200,000
3/07/2018	2/07/2023	\$0.15	\$0.48	450,000	-	(150,000)	-	199,992	450,000
9/10/2018	8/08/2023	\$0.14	\$0.42	380,000	-	-	-	126,664	380,000
16/01/2019	15/01/2024	\$0.16	\$0.42	225,000	-	-	-	74,990	225,000
21/05/2019	22/05/2024	\$0.12	\$0.40	100,000	-	-	-	33,333	100,000
10/12/2019	08/12/2024	\$0.38	\$1.06	-	1,200,000	(200,000)	-	-	1,000,000
10/12/2019	08/12/2024	\$0.47	\$0.42	-	370,000	-	-	123,321	370,000
				<u>4,579,952</u>	<u>1,570,000</u>	<u>(350,000)</u>	<u>-</u>	<u>3,916,584</u>	<u>5,799,952</u>
As at 30 June 2019									
24/02/2016	23/02/2021	\$0.13	\$0.58	2,274,954	-	-	-	2,274,954	2,274,954
14/04/2016	14/04/2021	cancelled	\$0.73	-	-	-	-	-	-
1/12/2016	1/12/2021	\$0.42	\$1.06	300,000	-	-	-	199,980	300,000
23/05/2017	12/12/2022	\$0.11	\$0.96	600,000	-	-	-	399,998	600,000
25/02/2017	24/02/2022	\$0.12	\$0.94	49,998	-	-	-	-	49,998
18/12/2017	18/12/2022	\$0.31	\$1.02	200,000	-	-	-	66,666	200,000
3/07/2018	2/07/2023	\$0.15	\$0.48	-	850,000	(400,000)	-	149,996	450,000
9/10/2018	8/08/2023	\$0.14	\$0.42	-	380,000	-	-	-	380,000
16/01/2019	15/01/2024	\$0.16	\$0.42	-	225,000	-	-	-	225,000
21/05/2019	22/05/2024	\$0.12	\$0.40	-	100,000	-	-	-	100,000
				<u>3,424,952</u>	<u>1,555,000</u>	<u>(400,000)</u>	<u>-</u>	<u>3,091,594</u>	<u>4,579,952</u>

26. Significant agreements and commitments for expenditure

a) Operating Lease Commitments

	30-Jun-20	30-Jun-19
Not later than 1 year	192,117	239,332
Later than 1 but not later than 5	-	135,876
	<u>192,117</u>	<u>375,208</u>

	30-Jun-20		30-Jun-19	
	1 Year	> 1 Year	1 Year	> 1 Year
Taringa lease	46,217	-	45,292	135,876
Residential lease for CEO in the US	145,900	-	194,040	
	<u>192,117</u>	<u>-</u>	<u>239,332</u>	<u>135,876</u>

The Taringa office property lease is a non-cancellable lease with a 2-year term beginning on 01 November 2018 and expiring on 31 Oct 2020. The minimum lease payments shall be increased by a fixed rate of 3% per annum.

The residential lease for Dr. Chris Hart in the US is only for a period of 12 months from May 2020 to April 2021 with a contracted amount of USD\$120,000.

b) Other Commitments

	30-Jun-20	30-Jun-19
Cooperative Research Centre Project	524,740	624,740
(CRC Project) commitment	<u>524,740</u>	<u>624,740</u>

This is the remaining amount of payable by Oventus (lead participant) to the CRC project (Targeted Therapy for Sleep Apnoea: A Novel Personalised Approach) as per contract. The other parties to the project are Medical Monitoring Solutions Pty Ltd, Commonwealth Scientific and Industrial Research Organisation, Western Sydney University, Neuroscience Research Australia and Flinders University.

Contingent provisions within the licence agreement require that the licence and services fees shall be increased by the consumer price index (CPI) per annum.

27. Segment reporting

Management currently identifies the Group's two regions as its operating segments (see Note 1). These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

Segment information for the reporting period follows:

	30-Jun-20 North America			30-Jun-19 North America		
	Australia	North America	Total	Australia	North America	Total
	\$	\$	\$	\$	\$	\$
Device Sale Revenue	215,234	143,687	358,921	256,326	75,511	331,837
Service Fee Revenue	-	60,377	60,377	-	-	-
Cost of Sales	(138,572)	(93,164)	(231,736)	(114,669)	(43,570)	(158,239)
Gross Profit	76,662	110,900	187,562	141,657	31,941	173,598
Staff costs	(2,474,297)	(2,654,822)	(5,129,119)	(2,626,196)	(1,306,106)	(3,932,302)
Sales and marketing	(207,575)	(313,124)	(520,699)	(261,203)	(409,723)	(670,926)
Other expenses	(3,542,610)	(1,232,788)	(4,775,398)	(2,885,621)	(839,717)	(3,725,338)
Segment operating loss	(6,147,820)	(4,089,834)	(10,237,654)	(5,631,362)	(2,523,606)	(8,154,968)
Segment assets	13,154,262	1,172,842	14,327,104	8,302,828	656,646	8,959,475
Segment liabilities	1,728,010	383,068	2,111,078	747,162	855,708	1,602,870

Unallocated items:

Interest income and expense and other income are not allocated to operating segments as they are not considered part of the core operations of any segments.

Directors' Declaration

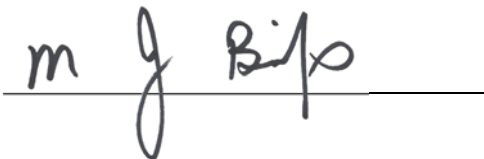
For the year ended 30 June 2020

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

- the financial statements and notes, as set out on pages 21 to 49 present fairly the company's financial position as at 30 June 2020 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
- in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the directors

A handwritten signature in dark ink, appearing to read 'm j Bridges', is written over a horizontal line.

Mel Bridges
Director

Brisbane

31st August 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OVENTUS MEDICAL LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Oventus Medical Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the accompanying financial report of Oventus Medical Limited is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matter

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial report of the current year. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For each matter below, our description of how our audit addressed the matter is provided in that context

Capitalisation and Valuation of Internal Development Costs

Why significant	How our audit addressed the key audit matter
<p>The Consolidated entity's intangible assets as at 30 June 2020 include capitalised development costs with a carrying value of \$2,051,623 (2019: \$2,688,803), as disclosed in Note 9.</p> <p>The Consolidated entity's accounting policy in respect of development costs are outlined in Note 1 and Note 2.</p> <p>Capitalised development costs are significant to the audit due to the amount of expenditure being capitalised and the specific criteria that have to be met for capitalisation.</p> <p>We note significant judgement is required:</p> <ul style="list-style-type: none"> in determining the treatment of development expenditure in accordance with AASB 138 Intangible Assets, and the Consolidated entity's accounting policy. In particular: <ul style="list-style-type: none"> whether project costs in the design and development of a potential product meet the recognition conditions for an asset whether a product development project is technically and economically feasible in making assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. in determining that capitalised development costs have useful lives of 5 years which determines the amortisation rate <p>in determining whether facts and circumstances indicate that development costs capitalised should be tested for impairment in accordance with Australian Accounting Standard AASB 136 Impairment of Assets.</p>	<p>Our work included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> testing, on a sample basis, development expenditure incurred during the year for compliance with AASB 138 and the Consolidated entity's accounting policy; and review the reasonableness of estimated useful life and amortisation method and check on a sample basis whether they are properly calculated and disclosed in the financial statements to assess whether there are indicators of impairment: <ul style="list-style-type: none"> obtaining and assessing evidence of external changes within the Consolidated entity's market or internal changes such as the sales performance of existing products holding discussions with the directors and management as to the status of project developments as well as assessing if there was evidence that a product has been discontinued obtaining and assessing evidence of the Consolidated entity's future intention for the products, including reviewing future budgeted expenditure and sales forecasts assessing the appropriateness of the related disclosures in Notes 1, 2 and 9.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors' for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Oventus Medical Limited for the year ended 30 June 2020.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF BRISBANE

A handwritten signature in black ink, appearing to read 'C Bradley', is positioned above the printed name.

CAMERON BRADLEY
PARTNER

31 August 2020
BRISBANE

Corporate directory
30 June 2020

Directors	<ul style="list-style-type: none"> • Mel Bridges - Chairman • Chris Hart - (Executive Director) (Founder) (Managing Director and Chief Executive Officer from 30 August 2018) (Clinical Director up to 29 August 2018) • Neil Anderson - (Executive Director) (Chief Technical Officer from 30 August 2018) (Managing Director and Chief Executive Officer up to 29 August 2018) • Sue MacLeman - Non-Executive Director • Sharad Joshi – Non-Executive Director (appointed 17 December 2018) • Paul Molloy – Non-Executive Director (appointed 16 December 2019) • Jason Nunn – Non-Executive Director (appointed 20 February 2020)
Company secretary	Stephen Denaro
Notice of annual general meeting	The Annual General Meeting of Oventus Medical Limited will be held on 23 November 2020, 11 am, at Thomson Geer Lawyers, Level 28, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000.
Legal Advisors	Thomson Geer Lawyers Level 16, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000
Registered office	Suite 1, 1 Swann Road, Indooroopilly QLD 4068 Telephone: 1300 533 159
Principal place of business	Suite 1, 1 Swann Road, Indooroopilly QLD 4068
Share register	Computershare Investor Services Pty Limited 117 Victoria Street West End QLD 4101 Telephone: 1300 787 272
Auditor	PKF Brisbane Audit Level 6, 10 Eagle Street Brisbane QLD 4000
Stock exchange listing	Oventus Medical Limited shares are listed on the Australian Securities Exchange (ASX code: OVN)
Website	www.ventus.com.au
Corporate Governance Statement	The Corporate Governance Statement of Oventus Medical Limited is available from our website www.ventus.com.au via the tab headed "Investor Centre".