

## ASX Release

### Strong customer pipeline underpins growth outlook for Oventus

#### Key highlights:

- H1 FY22 booked revenue was \$554k, which included the best quarter on record (Q2), with the Direct to Consumer model showing early signs of its potential
- Cash receipts for the six months ended 31 December 2021 totalled \$497k, up 20% over the prior corresponding period (pcp)
- The Company achieved strong growth in the sales pipeline, including a two-fold or better improvement in many of the key customer capture metrics
- Revenue per unit increased by 42% vs. pcp, as patients embrace the convenience of the O2Vent virtual (telehealth) patient journey
- Post period, Dr Chris Hart transitioned from CEO / Managing Director to Chief Scientific Officer / Executive Director, with Mr John Cox appointed as new CEO

Brisbane, Australia 28 February 2022: Obstructive Sleep Apnea (OSA) therapeutics company, Oventus Medical Ltd or the Company (ASX: OVN) is pleased to release its half yearly report for the period ended 31 December 2021.

#### Refocused Direct to Consumer business model leads to a strong opportunity pipeline

Through H1 FY22, Oventus' operational focus was to enhance Direct to Consumer (DTC) marketing. DTC marketing leverages the demand from patients to have a more streamlined, more engaging, and completely virtual (from home) sleep apnea treatment journey. Key activities included building out marketing and patient services infrastructure and integrating that infrastructure with the Company's clinical partners.

Systems to support DTC and virtual patient journey management marketing were further developed and optimised through the period. Importantly, Oventus identified and signed clinical partner agreements to provide national insurance contract access to patients in the US. These partnerships allowed more prospective customers in the US to be able to access their insurance policies to pay for a portion of the diagnostic or treatment services for sleep apnea, thus reducing the out of pocket expense for patients acquiring the Oventus technology.

In addition to these activities, the Company focused on continuing to transition its patient services and related partnerships from a “physical presence” model to a virtual (telehealth-based) model. Under the virtual model, prospective customers can undertake the patient journey from an interest in the O2Vent therapy (an active lead) to treatment (an Oventus patient) without leaving home. This virtual model is not only more convenient for patients, but it is also more efficient for the clinical partners – and overcomes many patients' reluctance to conduct in-person treatment due to the risk of contracting COVID.

Improvements in sales and marketing systems and activity saw the sales funnel (pictured below) grow rapidly, confirming that the customer capture model can identify and engage Oventus' target market and that these customers are motivated to learn more when exposed to the potential benefits of O2Vent technology. Although accessing the insurance reimbursement can cause delays in the total patient journey, there is great potential for improvement in lead time and conversion rates as Oventus continues to optimize its systems and processes and use its customer capture model to engage and re-target active leads.



The December quarter represented the best quarter of O2Vent Optima device sales to date, despite the bricks and mortar patient treatment environment remaining heavily hampered by the COVID-19 pandemic. In addition, the Company observed a 42% increase in total revenue per unit (over the Q2 FY21), owing in part to the favourable business prospects of the DTC and virtual patient models.

H1 FY22 booked revenue was \$554,232, up 1% on the previous corresponding period (pcp). Cash receipts for the six months ended 31 December 2021 totalled \$497,109, up 20% representing the shorter collection times from device shipment to receipt of payment under the DTC model versus approximately 90 days under the Lab in Lab model. During the period, some gains in the patient journey processes in the US were offset because patients wanted to await confirmation from their

insurance company that the services could be reimbursed. Over time, these processes will be simplified and integrated, so that patients can access their insurance coverage without experiencing delays in the total patient journey time.

Loss from ordinary activities was (\$5.14m), up 9.9% on pcp.

## Significant events post the reporting period

On 28 January 2022, Oventus announced that it had received a cash refund of \$417k from the Australian Taxation Office under the Federal Government's Research and Development (R&D) Tax Incentive scheme.

On 31 January 2022, Oventus announced a succession plan which took effect from 1 February 2022 and would see Dr Chris Hart transition out of the role of Chief Executive Officer (CEO) / Managing Director, and Mr John Cox appointed as the new CEO to lead Oventus through the next chapter of providing life-changing treatment to Obstructive Sleep Apnea (OSA) patients.

Dr Hart, while remaining an Executive Director, will focus on ensuring a smooth transition for Mr Cox, and will in his new role as Chief Scientific Officer, lead Oventus' scientific "first line therapy" initiative, driving scientific and clinical research projects designed to position the O2Vent Optima technology as the first choice for patients and clinicians for the treatment of OSA.

From 1 June 2022, Dr Hart will transition to Non-Executive Director of Oventus and will also lead the Company's Scientific Advisory Board.

## Outlook and priorities for 2022

CEO, John Cox commented, *"We are very encouraged by the way the move to Direct to Consumer marketing has resulted in substantial growth of the prospective customer pipeline. We've proven our ability to identify and engage customers, and that once engaged, they are very interested in the O2Vent technology. We now turn our focus to improving our conversion rates and reducing the remaining friction points in the patient journey."*

Oventus' operational focus for the remainder of the fiscal year will be to:

- Increase the scale and efficiency of the DTC customer capture model
- Improve the speed and efficiency of the patient journey via:
  - Systems integration with clinical partners to facilitate smoother patient scheduling and communication
  - Improvements in the telehealth consultation process, to improve conversion rates from "prospective customer" to "patient/customer", and
  - Adding additional partnerships to increase patient throughput capacity
- Complete the US ExVent Study and complete the US FDA requirements for ExVent Clearance to market in the US



- Reconfigure the Oventus Scientific Advisory Board such that it can begin execution of its “Vision 2025,” a series of scientific, marketing and operational projects with the end-goal of positioning the O2Vent as a “first line” or preferred treatment for Sleep Apnea in its markets

—ENDS—

### **Authorised for release by the Oventus Board of Directors**

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

Investors:

John Cox, CEO: M: +1 (949) 444-8532 or [investors@oventus.com.au](mailto:investors@oventus.com.au)

Media:

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

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

Oventus Medical’s mission is to be a global leader in the management of sleep-disordered breathing, by providing a seamless patient journey and innovative oral appliance therapies. Oventus’ Obstructive Sleep Apnea (OSA) treatment, called the O2Vent, has been demonstrated to be more effective and more desirable than other treatment options, offering hope for discreet, comfortable and effective relief to millions of people suffering from OSA. Based in Brisbane, Australia and Irvine, California, the Company has extensive clinical data demonstrating that its platform, with integrated airway support, has the potential to be accepted as a preferred first-line therapy for patients with mild to moderate sleep apnea.

In order to become the first choice for patients and clinicians alike, Oventus also makes the process for entering OSA treatment efficient, engaging and convenient. Oventus and its clinical partners have developed a virtual consultation and fitting process that enables patients to receive their custom-fit device and initiate therapy from the comfort of their home, all while maintaining the highest standards of service and patient care. By developing a complete solution, from best-in-class technology to outstanding care, Oventus has raised the bar for Sleep Apnea treatments in a rapidly-growing US\$31B addressable market.

**OVENTUS MEDICAL LIMITED**  
**Appendix 4D**  
**Half-Year Report**  
**31 December 2021**

**1. Company details**

Name of entity: Oventus Medical Limited  
ACN: 608 393 282  
Reporting period: For the half year ended 31 December 2021  
Previous period: For the half year ended 31 December 2020

**2. Results for announcement to the market**

Revenues from ordinary activities	Up	1%	to	\$554,232
Loss from ordinary activities after tax attributable to the owners of Oventus Medical Limited (the Company)	Up	10%	to	(5,140,492)
Loss for the year attributable to the owners of Oventus Medical Limited	Up	10%	to	(5,140,492)
		<b>31-Dec-21</b>		<b>31-Dec-20</b>
		<b>Cents</b>		<b>Cents</b>
Basic loss per share		(2.13)		(2.96)
Diluted loss per share		(2.13)		(2.96)

**3. Commentary on results for the year**

The loss for the consolidated entity after providing for income tax amounted to \$5,140,492 (2020: loss of \$4,678,225).

Further commentary on the Consolidated Entity's results for the year can be found in the section headed 'Review of operations' on page 3 of the Directors Report included in the attached half-year financial report for the half-year ended 31 December 2021.

**4. Net tangible assets**

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>Cents</b>	<b>Cents</b>
Net tangible assets per ordinary security	2.13	3.02

The net tangible asset per ordinary security presented above is inclusive of right of use assets and liabilities. The underlying right of use assets relates to leased premises.

**5. Control gained over entities**

Not applicable.

**6. Loss of control over entities**

Name of entities (or consolidated entity of entities)

Not applicable.

**7. 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.

**8. Dividend reinvestment plans**

Not applicable.

**9. Details of associates and joint venture entities**

Not applicable

**10. Foreign entities**

Not applicable.

**11. Attachments**

The Half-Year Financial Report of Oventus Medical Limited for the half-year ended 31 December 2021 is attached.

**12. Audit qualification or review**

This Half-Year Financial Report for the half-year ended 31 December 2021 have been reviewed by the company's independent auditor, PKF Brisbane Audit.

**13. Signed**



---

**Sue MacLeman**

Chair and Non-Executive Director

Brisbane

28 February 2022

**OVENTUS MEDICAL LIMITED**

**ACN 608 393 282**

Interim Financial Report

For the Half-Year Ended 31 December 2021

**Interim Financial Report**  
**For the half-year ended 31 December 2021**

<b>CONTENTS</b>	<b>Page</b>
Directors' Report.....	3
Auditor's Independence Declaration .....	6
Condensed Consolidated Statement of Comprehensive Income .....	7
Condensed Consolidated Statement of Financial Position .....	8
Condensed Consolidated Statement of Changes in Equity.....	9
Condensed Consolidated Statement of Cash Flows .....	10
Notes to the Condensed Consolidated Financial Statements.....	11
Directors' Declaration .....	18
Independent Auditor's Review Report to the Members of Oventus Medical Limited.....	19
Corporate Directory .....	21



**Directors' Report**  
**For the half year ended 31 December 2021**

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 half year ended 31 December 2021.

**Directors and company secretary**

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

Ms Sue MacLeman – Non-Executive Chair and Non-Executive Director  
Dr Christopher Hart – Executive Director  
Dr Mel Bridges – Non-Executive Director (retired as Non-Executive Director on 18 November 2021)  
Mr Jake Nunn – Non-Executive Director  
Mr Paul Molloy – Non-Executive Director  
Mr Stephen Denaro – Company Secretary

**Principal activities**

Oventus (ASX: OVN) is a Brisbane-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. The O2Vent allows 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 half year ended 31 December 2021, Oventus was primarily focused on building out its direct-to-consumer (DTC) marketing infrastructure and refining its customer capture model to take advantage of our customer's desire to have a virtual (from home) patient journey from initial awareness to treatment with the Oventus technology. In addition to these customer capture activities, the Company focused on continuing the transition of its patient services and related partnerships from a "physical presence" model to a virtual model, where prospective customers could undertake all activities necessary to transition from interest in the O2Vent therapy (a.k.a. an active lead) to treatment (a.k.a. an Oventus patient) without leaving home.

While building on the historical multi-channel approach, where patient referrals could be from a dentist, the "Lab in Lab" or from our own DTC marketing, Oventus found that the DTC method of sourcing new patients quickly overwhelmed other channels for patient referral. Some of this transition was due to the COVID-19 pandemic, where foot traffic and in-person office visits, on which the DDS and Lab in Lab channels depend, was hampered by lockdowns and patient reticence to go to medical/dental facilities and respiratory clinics. The attractiveness of the Oventus virtual patient journey and DTC marketing became crystal clear during the period.

**Review of operations**

Operational focus pivoted to Direct to Consumer marketing for customer capture. This included eliminating FTEs not dedicated to DTC marketing or capable of making the transition, while hiring certain staff (e.g. Digital Marketing Manager) with the skillset and experience necessary to execute on the DTC and virtual strategies. In addition, the company focused on developing and optimising systems to support DTC marketing and virtual patient journey management. In the second half of calendar 2021, the Company identified and signed a partnership with a national (US) multi-specialty medical practice that had very attractive insurance contracts for sleep apnea treatment and related services. This partnership allowed more prospective customers in the US to be able to access their insurance policies to pay for a portion of the diagnostic or treatment services for sleep apnea, thus making the acquisition of the Oventus technology less expensive out of pocket for many patients. This partnership, among others, is the focus of US operational projects since September, 2021.

### **Review of operations (continued)**

The December quarter was also the best quarter of O2Vent Optima device sales to date, even though the bricks and mortar patient treatment environment remained heavily hampered by the COVID-19 pandemic. In addition, the Company observed an increase in total revenue per unit, owing in part to the favorable business prospects of the DTC plus virtual model.

### **Financial position and results**

The Company's cash position was \$4.3 million as of 31 December 2021, providing approximately two quarters of funding, without the benefit of continued revenue improvement which is expected to increase during CY2022 as Oventus continues to build out its DTC marketing infrastructure and refining its customer capture model.

Booked revenues for the six-month period were \$554,232, up 1% over the previous corresponding period with sales focussed on the DTC model while sales in the Lab in Lab started recovering post the COVID-19 pandemic.

Cash receipts to the six months ended 31 December 2021 totalled \$497,109, up 20% over the previous corresponding period representing the shorter collection times under the DTC model as opposed to approximately 90 days under the Lab in Lab model.

The loss for the Consolidated Entity for the six months ended 31 December 2021 amounted to \$5,140,492 (2020: loss of \$4,678,225). The Consolidated Entity earned \$554,232 in revenue for the six months ended 31 December 2021 (2020: revenue of \$550,232) and incurred operating expenses of \$5,356,226 for the six months ended 31 December 2021 (2020: \$4,720,796), which includes a non-cash provision for share based payments of \$434,847 (2020: 437,741). The increase in operating expenditures related primarily to the investment made by the Company to build out its digital platforms and invest in patient marketing campaigns and related infrastructure.

### **Dividends**

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

### **Board and executive management changes**

At the Company's 2021 Annual General Meeting, held on 18 November 2021, Mr Melvyn Bridges retired as a Non-Executive Director and as a result Jake Nunn was appointed as Chair of Oventus' Audit and Risk Committee.

### **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.

**Review of operations (continued)**

**Significant matters subsequent to the period**

On 28 January 2022 the Company announced that it had received a cash refund of \$417k from the Australian Taxation Office under the Federal Government's Research and Development (R&D) Tax Incentive scheme.

On 31 January 2022, the Company announced that Oventus Founder Dr Chris Hart will transition from Chief Executive Officer and Managing Director to Executive Director, and Mr John Cox will be appointed as new Oventus Chief Executive Officer effective 1 February 2022.

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and therefore it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**Expected future developments**

Oventus' operational focus for the remainder of the fiscal year will be to:

- Increase the scale and efficiency of the DTC customer capture model
- Improve the speed and efficiency of the patient journey by:
  - Systems integration with clinical partners to facilitate smoother patient scheduling and communication
  - Improvements in the telehealth consultation process, to improve conversion rates from "prospective customer" to "patient/customer", and
  - Adding additional partnerships to increase patient throughput capacity
- Complete the U.S. ExVent Study and complete the US FDA requirements for ExVent Clearance to market in the US
- Reconfigure the Oventus Scientific Advisory Board such that it can begin execution of its "Vision 2025," a series of scientific, marketing and operational projects with the end-goal of positioning the O2Vent as a "first line" or preferred treatment for Sleep Apnea in its markets

*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.

*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 half year ended 31 December 2021.

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



---

**Sue MacLeman**  
Chair and Non-Executive Director

Brisbane  
28 February 2022

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Oventus Medical Limited and the entities it controlled during the half year.



PKF BRISBANE AUDIT



LIAM MURPHY  
PARTNER

28 FEBRUARY 2022  
BRISBANE

**Condensed Consolidated Statement of Comprehensive Income  
For the Half-Year Ended 31 December 2021**

		<b>Consolidated Group</b>	
		<b>31-December 2021</b>	<b>31-December 2020</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Device Sale Revenue	<b>2</b>	439,734	447,386
Service Fee Revenue		114,498	102,846
<b>Total Revenues</b>		<u>554,232</u>	<u>550,232</u>
Cost of sales		(263,996)	(297,820)
<b>Gross Profit</b>		<u>290,236</u>	<u>252,412</u>
<b>Less: Expenses</b>			
Staff costs		2,279,480	2,166,243
Staff costs – Share Based Payments		434,847	437,741
Depreciation and amortisation		651,535	643,016
Administration		117,803	181,052
Travel		216,750	301,574
Sales & Marketing		647,307	161,839
Information technology costs		244,908	239,555
Audit legal & consulting		355,474	294,126
Insurance		178,901	157,589
Clinical Studies Research & Regulatory		15,998	5,331
Office & Lab		213,223	132,730
<b>Total expenses</b>		<u>5,356,226</u>	<u>4,720,796</u>
		<u>(5,065,990)</u>	<u>(4,468,384)</u>
<b>Other income (expenses)</b>			
Interest income		836	28,696
Interest expense		(17,954)	(12,973)
Other income		-	125,836
Unrealised Gain/(Loss) on foreign exchange		(57,384)	(351,400)
		<u>(74,502)</u>	<u>(209,841)</u>
<b>Loss before income tax expense</b>		<u>(5,140,492)</u>	<u>(4,678,225)</u>
Income tax expense		-	-
<b>Loss for the year attributable to members of the company</b>		<u>(5,140,492)</u>	<u>(4,678,225)</u>
<b>Other comprehensive income:</b>			
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</b>			
Exchange differences on translating foreign operations		75,863	227,034
<b>Total comprehensive loss attributable to members of the company</b>		<u>(5,064,629)</u>	<u>(4,451,191)</u>
<b>Earnings per share for profit/(loss) from continuing operations:</b>			
Basic earnings per share	<b>12</b>	<u>(2.13)</u>	<u>(2.96)</u>
Diluted earnings per share		<u>(2.13)</u>	<u>(2.96)</u>

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

**Condensed Consolidated Statement of Financial Position  
As at 31 December 2021**

		<b>Consolidated Group</b>	
		<b>31-December</b>	<b>30-June</b>
		<b>2021</b>	<b>2021</b>
<b>Note</b>		<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
	Cash and cash equivalents	4,349,484	9,156,547
	Trade and other receivables	174,981	208,110
	Inventory	127,382	104,177
	Other current assets	1,025,547	1,020,172
	<b>Total current assets</b>	<u>5,677,394</u>	<u>10,489,006</u>
<b>Non-current assets</b>			
	Property, plant and equipment	778,975	876,532
	Right of use assets	424,461	527,324
	Intangible assets	2,842,048	3,087,756
	Deposits	138,288	98,000
	<b>Total non-current assets</b>	<u>4,183,772</u>	<u>4,589,612</u>
	<b>Total assets</b>	<u>9,861,166</u>	<u>15,078,618</u>
<b>Current liabilities</b>			
	Trade and other payables	1,150,457	1,663,840
	Other current liabilities	425,791	436,839
	<b>Total current liabilities</b>	<u>1,576,248</u>	<u>2,100,679</u>
<b>Non-current liabilities</b>			
	Other liabilities	296,842	359,841
	<b>Total non-current liabilities</b>	<u>296,842</u>	<u>359,841</u>
	<b>Total liabilities</b>	<u>1,873,090</u>	<u>2,460,520</u>
	<b>Net assets</b>	<u>7,988,076</u>	<u>12,618,098</u>
<b>Equity</b>			
	Share capital	53,638,307	53,638,986
	Share based payment reserve	1,506,161	1,191,971
	Translation reserve	(31,355)	(107,218)
	Accumulated losses	(47,125,037)	(42,105,641)
	<b>Total equity</b>	<u>7,988,076</u>	<u>12,618,098</u>

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

**Condensed Consolidated Statement of Changes in Equity**  
**For the Half-Year ended 31 December 2021**

	Contributed Equity \$	Share Based Payments Reserve \$	Translation Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2020</b>	44,333,763	711,364	(125,370)	(32,703,732)	12,216,025
Loss for the period	-	-	-	(4,678,225)	(4,678,225)
Other comprehensive income for the period	-	-	227,034	-	227,034
<b>Total comprehensive income for the period</b>	-	-	227,034	(4,678,225)	(4,451,191)
<b>Transactions with owners, in their capacity as owners:</b>					
Contributions of equity, net of transaction costs and tax	15,025	-	-	-	15,025
Share based payments	-	437,741	-	-	437,741
Write-off of forfeited options	-	(38,500)	-	38,500	-
<b>Total transactions with owners, in their capacity as owners:</b>	15,025	399,241	-	38,500	452,766
<b>Balance at 31 December 2020</b>	44,348,788	1,110,605	101,664	(37,343,457)	8,217,600
<b>Balance at 1 July 2021</b>	53,638,986	1,191,971	(107,218)	(42,105,641)	12,618,098
Loss for the period	-	-	-	(5,140,492)	(5,140,492)
Other comprehensive income for the period	-	-	75,863	-	75,863
<b>Total comprehensive income for the period</b>	-	-	75,863	(5,140,492)	(5,064,629)
<b>Transactions with owners, in their capacity as owners:</b>					
Contributions of equity, net of transaction costs and tax	(679)	-	-	439	(240)
Share based payments	-	434,847	-	-	434,847
Write-off of forfeited options	-	(120,657)	-	120,657	-
<b>Total transactions with owners, in their capacity as owners:</b>	(679)	314,190	-	121,096	434,607
<b>Balance at 31 December 2021</b>	53,638,307	1,506,161	(31,355)	(47,125,037)	7,988,076

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

**Condensed Consolidated Statement of Cash Flows  
For the half-year ended 31 December 2021**

	<b>31-December 2021 \$</b>	<b>31-December 2020 \$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	497,109	415,560
Interest received	836	30,189
Payments to suppliers and employees	(4,980,316)	(4,182,954)
R&D grants and concessions received	-	1,020,933
<b>Net cash outflow from operating activities</b>	<b>(4,482,371)</b>	<b>(2,716,272)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(18,315)	(125,359)
Payments for intangible assets	(35,990)	(735,600)
Proceeds from (payments for) term-deposits	(37,010)	(23,268)
<b>Net cash outflow from investing activities</b>	<b>(91,315)</b>	<b>(884,227)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares, net of transaction costs	(171,135)	(31,975)
Repayment of lease liability	(130,456)	-
<b>Net cash inflow from financing activities</b>	<b>(301,591)</b>	<b>(31,975)</b>
<b>Net increase (decrease) in cash held</b>	<b>(4,875,277)</b>	<b>(3,632,474)</b>
Cash and cash equivalents at the beginning of the financial period	9,156,547	8,455,393
Effects of exchange rate changes on cash and cash equivalents	68,214	11,094
<b>Cash and cash equivalents at the end of the period</b>	<b>4,349,484</b>	<b>4,834,013</b>

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



**Notes to the Condensed Consolidated Financial Statements**  
**For the Half-Year Ended 31 December 2021**

**1. Significant accounting policies**

These half year financial statements of the consolidated entity consisting of Oventus Medical Limited ('the Company') and the entities it controlled ('the Consolidated Entity'; 'the Group'), are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Oventus Medical Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*. The accounting policies have been consistently applied by the Company and are consistent with those in the June 2021 financial report. The half-year report does not include full disclosures of the type normally included in an annual financial report.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**New, revised or amending Accounting Standards and Interpretations adopted**

The Consolidated Entity 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.

**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. The board continues to actively monitor the situation.

**Going concern**

The Interim Financial Report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. During the half-year, the Group made a loss before tax of \$5,140,492 (2020: loss of \$4,678,225) and has accumulated losses of \$47,125,037. As of 31 December 2021, the Group retained a net current assets position of \$4,101,146 including a cash position of \$4,349,484. Based on the Group's cash flow forecast, the net current asset position provides approximately two quarters of funding, without including the benefit of continued revenue improvement which is expected to increase during CY2022 as Oventus continues to build out its direct-to-consumer (DTC) marketing infrastructure and further refines its customer capture model.

**Notes to the Condensed Consolidated Financial Statements**  
**For the Half-Year Ended 31 December 2021**

**1. Significant accounting policies (continued)**

**Going concern (continued)**

During the 6-month period ended 31 December 2021, the Group invested in building out its direct-to-consumer (DTC) marketing infrastructure and refining its customer capture model which has translated to a significant growth in the sales funnel. The focus for the next 12 months is to improve the conversion rate of patients in the sales funnel. The Group's cash flow forecast shows that despite the projected growth in sales, it is likely that the Group will need to access additional working capital in the next 12 months to support and implement the Group's goals and objectives. The directors are confident that the Group will be successful in raising additional funds through the issue of new equity and/or debt and currently have engaged the Company's corporate advisor to review the available capital raising options. The directors are also aware that the Group has the option, if necessary, to reduce administration costs in order to minimise its capital raising requirements.

Based on these facts, the directors consider the going concern basis of preparation to be appropriate for this financial report. Should the Group be unsuccessful in raising additional funds through the issue of new equity, there is a material uncertainty which may cast significant doubt whether the Group will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

**Operating segments**

**A. Basis for segmentation**

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

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.

	<b>31-December 2021</b>	<b>31-December 2020</b>
	<b>\$</b>	<b>\$</b>
<b>2. Revenue</b>		
Device Sales	447,579	447,386
Discounts	(7,845)	-
	<hr/> 439,734	<hr/> 447,386
Services Revenue	114,498	102,846
	<hr/> <hr/> 554,232	<hr/> <hr/> 550,232

**3. Cash and cash equivalents**

Cash at bank	2,399,484	9,156,547
Short-term deposits	1,950,000	-
	<hr/> <hr/> 4,349,484	<hr/> <hr/> 9,156,547

Notes to the Condensed Consolidated Financial Statements  
For the Half-Year Ended 31 December 2021

	31-December 2021 \$	30-June 2021 \$
<b>4. Trade and other receivables</b>		
Trade receivables	201,931	155,053
GST receivable	8,018	78,603
	<u>209,949</u>	<u>233,656</u>
Less allowance for doubtful debts	(34,968)	(25,546)
	<u><u>174,981</u></u>	<u><u>208,110</u></u>

**5. Other current assets**

Prepayments	377,644	411,702
Accrued research & development tax credit	506,068	416,673
Other assets	141,835	191,797
	<u>1,025,547</u>	<u>1,020,172</u>

**6. Property, plant and equipment**

	Computer and office furniture and equipment \$	Sleep and production equipment \$	Company Vehicles \$	Leasehold improvement \$	Total \$
<b>At 30 June 2021</b>					
Cost	238,126	1,195,156	36,039	237,819	1,707,140
Accumulated depreciation	(127,359)	(463,300)	(8,125)	(231,824)	(830,608)
Net book amount	<u>110,767</u>	<u>731,856</u>	<u>27,914</u>	<u>5,995</u>	<u>876,532</u>

**Half-year ended 31 December 2021**

Opening net book amount	110,767	731,856	27,914	5,995	876,532
FX movements on cost	819	13,952	1,316	218	16,305
Additions	1,763	1,896	-	-	3,659
Depreciation charge	(23,016)	(91,128)	(2,633)	(744)	(117,521)
Closing net book amount	<u>90,333</u>	<u>656,576</u>	<u>26,597</u>	<u>5,469</u>	<u>778,975</u>

**At 31 December 2021**

Cost	240,708	1,211,004	37,355	238,037	1,727,104
Accumulated depreciation	(150,375)	(554,428)	(10,758)	(232,568)	(948,129)
Net book amount	<u>90,333</u>	<u>656,576</u>	<u>26,597</u>	<u>5,469</u>	<u>778,975</u>

Notes to the Condensed Consolidated Financial Statements  
For the Half-Year Ended 31 December 2021

7. Right of use assets	Lease right of use asset - Building \$	Total \$
<b>Property Leases</b>		
<b>At 30 June 2021</b>		
Cost	678,475	678,475
Accumulated depreciation	(151,151)	(151,151)
Net book amount	<u>527,324</u>	<u>527,324</u>
Opening net book amount	527,324	527,324
FX movements on cost	1,907	1,907
Additions	11,789	11,789
Depreciation charge	(116,559)	(116,559)
Closing net book amount	<u>424,461</u>	<u>426,368</u>
<b>At 31 December 2021</b>		
Cost	692,171	692,171
Accumulated depreciation	(267,710)	(267,710)
Net book amount	<u>424,461</u>	<u>424,461</u>

8. Intangible assets	Patents, trademarks and licences \$	Software \$	Development costs \$	Total \$
<b>At 30 June 2021</b>				
Cost	1,353,224	469,713	4,780,845	6,603,782
Accumulated amortisation	(212,241)	(358,895)	(2,944,890)	(3,516,026)
Net book amount	<u>1,140,983</u>	<u>110,818</u>	<u>1,835,955</u>	<u>3,087,756</u>
<b>Half-year ended 31 December 2021</b>				
Opening net book amount	1,140,983	110,818	1,835,955	3,087,756
Additions	32,455	28,460	116,110	177,025
Amortisation expense	(33,434)	(17,215)	(372,084)	(422,733)
Closing net book amount	<u>1,140,004</u>	<u>122,063</u>	<u>1,579,981</u>	<u>2,842,048</u>
<b>At 31 December 2021</b>				
Cost	1,385,679	498,173	4,896,955	6,780,807
Accumulated amortisation	(245,675)	(376,110)	(3,316,974)	(3,938,759)
Net book amount	<u>1,140,004</u>	<u>122,063</u>	<u>1,579,981</u>	<u>2,842,048</u>

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

Notes to the Condensed Consolidated Financial Statements  
For the Half-Year Ended 31 December 2021

	31-December 2021 \$	30-June 2021 \$
<b>9. Trade and other payables</b>		
Trade creditors	443,913	684,075
PAYG Withholding payable	37,922	42,373
Employee benefits payable	32,881	13,191
Other creditors	635,741	924,201
	<u>1,150,457</u>	<u>1,663,840</u>

**10. Other liabilities**

*Current*

Employee benefits - annual leave	223,093	217,950
Lease Liability	202,698	218,889
	<u>425,791</u>	<u>436,839</u>

*Non-current*

Employee benefits – long service leave	56,729	39,981
Lease Liability	240,113	319,860
	<u>296,842</u>	<u>359,841</u>

**11. Equity – Share capital**

	31-December 2021 Number of Shares #	31-December 2021 Value of Shares \$	30-June 2021 Number of Shares #	30-June 2021 Value of Shares \$
Opening Balance	241,726,535	53,638,986	158,237,701	44,333,763
7 August 2020 SPP options exercised	-	-	24,716	8,898
14 May 2021	-	-	23,572,850	2,828,742
21 June 2021	-	-	41,326,998	4,959,240
29 June 2021	-	-	18,564,270	2,227,712
Share issue costs	-	(679)	-	(719,369)
At reporting date	<u>241,726,535</u>	<u>53,638,307</u>	<u>241,726,535</u>	<u>53,638,986</u>

<b>Consolidated Group</b>	
31-December 2021 \$	31-December 2020 \$

**12. Loss per share**

Loss per share from continuing operations		
Loss after income tax	<u>(5,140,492)</u>	<u>(4,678,225)</u>
Loss after income tax attributable to the owners of Oventus Medical Limited	<u>(5,140,492)</u>	<u>(4,678,225)</u>

Notes to the Condensed Consolidated Financial Statements  
For the Half-Year Ended 31 December 2021

	31-December 2021 Numbers	31-December 2020 Numbers
<b>12. Loss per share (continued)</b>		
Weighted average number of ordinary shares used in calculating basic loss per share	241,726,535	158,259,844
Basic and Diluted loss per share	(2.13)	(2.96)

**13. Contingent Liabilities**

The Group is a lead participant of the Cooperation Research Centre Project (CRC Project) (Targeting Therapy for Sleep Apnoea: A Novel Personalised Approach). The other parties to the project are Medical Monitoring Solutions Pty Ltd, Commonwealth Scientific and Industrial Research Organisation (CSIRO), Western Sydney University, Neuroscience Research Australia and Flinders University.

As part of the CRC Project contract, the Group and CSIRO entered into an additional agreement where the parties agreed that ownership of the "CSIRO intellectual property" will vest with CSIRO and that any benefits generated by the Company using the CSIRO intellectual property will be subject to a licence and service fee. The licence and service fee arrangements along with the payment terms are currently being negotiated and are to be documented in a separate agreement. Based on the current status of negotiations, management estimate that the liability will not exceed \$750,000. However, while negotiations continue, no estimate can be made with reasonable certainty on the amount required to be paid and accordingly, no provision has been provided within these financial statements.

**14. Segment Reporting**

	31-Dec-21			31-Dec-20		
	Australia \$	North America \$	Total \$	Australia \$	North America \$	Total \$
Device Sale Revenue	178,664	261,070	439,734	133,756	313,630	447,386
Service Fee Revenue	-	114,498	114,498	-	102,846	102,846
Cost of Sales	(59,950)	(204,046)	(263,996)	(58,342)	(239,478)	(297,820)
<b>Gross Profit</b>	<b>118,714</b>	<b>171,522</b>	<b>290,236</b>	<b>75,414</b>	<b>176,998</b>	<b>252,412</b>
Staff costs	(1,201,256)	(1,513,071)	(2,714,327)	(1,247,380)	(1,356,604)	(2,603,984)
Sales and marketing	(60,675)	(586,630)	(647,305)	(61,385)	(100,454)	(161,839)
Other expenses	(1,236,993)	(757,601)	(1,994,594)	(1,182,415)	(772,558)	(1,954,973)
<b>Segment operating loss</b>	<b>(2,380,210)</b>	<b>(2,685,780)</b>	<b>(5,065,990)</b>	<b>(2,215,766)</b>	<b>(2,052,618)</b>	<b>(4,468,384)</b>
<b>Segment assets</b>	<b>8,216,785</b>	<b>1,644,381</b>	<b>9,861,166</b>	<b>9,528,458</b>	<b>1,479,328</b>	<b>11,007,786</b>
<b>Segment liabilities</b>	<b>1,054,661</b>	<b>818,429</b>	<b>1,873,090</b>	<b>2,024,210</b>	<b>765,977</b>	<b>2,790,187</b>

**Notes to the Condensed Consolidated Financial Statements**  
**For the Half-Year Ended 31 December 2021**

**15. Significant Matters Subsequent to the Period**

On 28 January 2022, the Company announced that it had received a cash refund of \$417k from the Australian Taxation Office under the Federal Government's Research and Development (R&D) Tax Incentive scheme.

On 31 January 2022, the Company announced that Oventus Founder Dr Chris Hart will transition from Chief Executive Officer and Managing Director to Executive Director, and Mr John Cox will be appointed as new Oventus Chief Executive Officer effective 1 February 2022.

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and therefore it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**Directors' Declaration**

**For the half-year ended 31 December 2021**

In the directors' opinion

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134, *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



---

**Sue MacLeman**  
Chair and Non-Executive Director

Brisbane  
28 February 2022



## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF OVENTUS MEDICAL LIMITED

### Conclusion

We have reviewed the accompanying half-year financial report of Oventus Medical Limited ("the company"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Oventus Medical Limited is not in accordance with the *Corporations Act 2001* including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements which indicates that the consolidated entity made a loss before tax of \$5,140,492 (2020: loss of \$4,678,225) and has accumulated losses of \$47,125,037 and retained a net current assets position of \$4,101,146. Based on the consolidated entity's cash flow forecast, the net current asset position provides approximately two quarters of funding such that despite the projected growth in sales, it is likely that the consolidated entity will need to access additional working capital in the next 12 months to support and implement the business' goals and objectives. As stated in Note 1, should the consolidated entity be unsuccessful in raising additional funds, there is a material uncertainty which may cast significant doubt whether the consolidated entity will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our conclusion is not modified in respect of this matter.

### Directors' Responsibility for the Half-Year Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Oventus Medical Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF BRISBANE AUDIT



LIAM MURPHY  
PARTNER

28 FEBRUARY 2022  
BRISBANE

**Corporate Directory**  
**31 December 2021**

Directors	<ul style="list-style-type: none"> <li>• Ms Sue MacLeman - Chair and Non-Executive Director</li> <li>• Dr Christopher Hart - Managing Director and Chief Executive Officer</li> <li>• Dr Mel Bridges - Non-Executive Director (resigned 18 November 2021)</li> <li>• Mr Paul Molloy - Non-Executive Director</li> <li>• Mr Jake Nunn - Non-Executive Director</li> </ul>
Company secretary	Mr Stephen Denaro
Registered office	<p>Suite 1, 1 Swann Road,  Indooroopilly QLD 4068</p> <p>Telephone: 1300 533 159</p>
Principal place of business	Suite 1, 1 Swann Road, Indooroopilly QLD 4068
Share register	<p>Computershare Investor Services Pty Limited  Level 1, 200 Mary Street  Brisbane QLD 4000</p> <p>Telephone: 1300 787 272</p>
Auditor	<p>PKF Brisbane Audit  Level 6, 10 Eagle Street  Brisbane QLD 4000</p>
Stock exchange listing	Oventus Medical Limited shares are listed on the Australian Securities Exchange (ASX code: OVN)
Website	<a href="http://www.O2Vent.com">www.O2Vent.com</a>
Corporate Governance Statement	The Corporate Governance Statement of Oventus Medical Limited is available from our website <a href="http://www.O2Vent.com">www.O2Vent.com</a> via the tab headed "Investors".