

ASX Release**Oventus Quarterly Business Review Q1 FY2020: Investing in Growth****Key highlights:**

- **Flagship device for the treatment of Obstructive Sleep Apnoea (OSA), the O2Vent® Optima granted FDA clearance in September**
- **Material contracts secured across 25 sites during quarter with first five sites deployed under 'lab in lab' business model in US and Canada in September**
- **A\$9.3m cash injection received via oversubscribed capital raise. Funds raised being deployed into speeding up future customer site launches and supporting the growth of lab in lab program**
- **Cash receipts for September quarter A\$87,000, in line with prior quarters; Company expects sales to increase in the December quarter as lab in lab customer sites come online**
- **Oventus strongly positioned to invest in growth and scale sales with further agreements expected to be announced throughout the remainder of CY 2019 and into CY2020**

Brisbane, Australia 30 October 2019: Oventus Medical Ltd or the Company (ASX: OVN) is pleased to announce its Appendix 4C Report for the three-month period ending 31 September 2019 (Q1 FY2020) and is pleased to provide a review of progress made during the quarter.

Investing in growth

During the quarter, Oventus converted significant increased demand for its Obstructive Sleep Apnoea therapeutic, the O2Vent Optima and its 'lab in lab' business model into customer contracts. By the end of the September quarter, a total of 25 clinical delivery sites have signed Oventus as the exclusive supplier of dental sleep services with minimum quantities of 20 devices per site per month, once the lab in lab program was fully deployed.

Bookings are now being taken from patients across the first five customer sites which were launched in September. The current time from signing an agreement to a site taking patient bookings is now understood to be around 60 days. Once bookings are taken, first booked revenue is expected within 60 days and ramp time to minimum quotas can be up to 90 days. Oventus expects the sites that have been deployed should lead to a sales increase in the December quarter, following sales this quarter being roughly in line with previous quarters.

In line with this ramp up period, receipts from customers for the sale of Oventus' O2 Vent® devices for the treatment of OSA and snoring totalled A\$87,000 (Q1 FY2020) compared to A\$95,000 recorded in the June quarter (Q4 FY2019).

Following FDA clearance of the O2Vent Optima oral device in September, Oventus is actively investing funds from its recent capital raise into resources that will support the growth of its 'lab in lab' program and streamline the new customer implementation process.

Company expenditures for the September quarter totalled \$3.3m. Investment was made into the launch and growth of the lab in lab business, which included scanning equipment purchases, sales and marketing activities, formation and set up costs. Also included were capital expenditures required to scale up manufacturing operations in support of future sales growth.

Enabling lab in lab

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

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

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

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

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

Capital raising

As noted earlier, Oventus was pleased to close a Placement and Entitlement Offer during the quarter which combined, raised a total of A\$9.3m. New investors and existing shareholders participated in the Offers and Oventus was delighted to welcome a number of new funds onto the share register. The Board sincerely thanks all those who participated.

Annual report and Annual General Meeting

At the time of writing, Oventus had just released its 2019 annual report for shareholders and the Notice of Meeting for its 2019 Annual General Meeting (AGM).

The AGM will take place in Brisbane on Friday, 22 November, 2019 from 11am Brisbane time. The Oventus team looks forward to greeting those shareholders who are able to attend.

For full AGM details and all resolutions, please visit: <https://investors.o2vent.com/investors-2-3/asx-announcements/>.

To view a copy of the 2019 annual report, please visit:
<https://investors.o2vent.com/investors-2-3/annual-reports/>

Outlook

“The official launch of the O2Vent Optima in October is supporting a strong and growing pipeline of potential commercial agreements for Oventus and we continue to see intense interest from both sleep and dental channels for our technology,” said Oventus Founder and CEO, Dr Chris Hart.

“With a strong cash balance and revenues expected to grow in the coming quarters, we are strongly positioned to further scale sales and secure and announce further agreements across our key markets over the next 12-24 months.”

—ENDS—

For further information, please visit our website at www.o2vent.com or contact the individuals outlined below.

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investors@oventus.com.au

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

About Oventus – see more at www.o2vent.com

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

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

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

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

According to a report published by the Sleep Health Foundation Australia, an estimated 1.5 million Australians suffer with sleep disorders and more than half of these suffer with obstructive sleep apnoea¹.

Continuous positive airway pressure (CPAP) is the most definitive medical therapy for obstructive sleep apnea, however many patients have difficulty tolerating CPAP². Oral appliances have emerged as an alternative to CPAP for obstructive sleep apnea treatment³. The O2Vent Optima and ExVent provide a discreet and comfortable alternative to CPAP for the treatment of OSA.

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

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

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

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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

Name of entity

OVENTUS MEDICAL LIMITED

ABN

12 608 393 282

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	87	87
1.2 Payments for		
(a) research and development	(133)	(133)
(b) product manufacturing and operating costs	(38)	(38)
(c) advertising and marketing	(527)	(527)
(d) leased assets	-	-
(e) staff costs	(1,453)	(1,453)
(f) administration and corporate costs	(550)	(550)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,608)	(2,608)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(478)	(478)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) intellectual property	(78)	(78)
	(e) other non-current assets	(78)	(78)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(634)	(634)

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,999	2,999
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,608)	(2,608)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(634)	(634)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,613	8,613

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	8,370	8,370

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	8,370	2,999
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,370	2,999

6. Payments to directors of the entity and their associates

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

**Current quarter
\$A'000**

57
-

Payment of directors' fees.

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

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

**Current quarter
\$A'000**

-
-

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

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(157)
9.2 Product manufacturing and operating costs	(80)
9.3 Advertising and marketing	(646)
9.4 Leased assets	-
9.5 Staff costs	(1,532)
9.6 Administration and corporate costs	(508)
9.7 Capital expenditures & IP	(422)
9.8 Total estimated cash outflows	(3,345)

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

Compliance statement

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

Sign here: 
(Director/Company secretary)

Date: 30 October 2019

Print name: **Dr. Chris Hart**

Notes

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