

OVENTUS MEDICAL LIMITED
Appendix 4D
Half-Year Report
31 December 2020

1. Company details

Name of entity: Oventus Medical Limited
ACN: 608 393 282
Reporting period: For the half year ended 31 December 2020
Previous period: For the half year ended 31 December 2019

2. Results for announcement to the market

Revenues from ordinary activities	Up	192%	to	\$550,232
Loss from ordinary activities after tax attributable to the owners of Oventus Medical Limited (the Company)	Down	9%	to	(4,678,225)
Loss for the year attributable to the owners of Oventus Medical Limited	Down	9%	to	(4,678,225)
		31-Dec-20		31-Dec-19
		Cents		Cents
Basic loss per share		(2.96)		(4.01)
Diluted loss per share		(2.96)		(4.01)

3. Commentary on results for the year

The loss for the consolidated entity after providing for income tax amounted to \$4,678,225 (2019: loss of \$5,126,363).

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 2020.

4. Net tangible assets

	31-Dec-20	31-Dec-19
	Cents	Cents
Net tangible assets per ordinary security (inclusive of Right of use assets)	3.02	5.42
Net tangible assets per ordinary security (exclusive of Right of use assets)	2.62	5.34

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 2020 is attached.

12. Audit qualification or review

This Half-Year Financial Report for the half-year ended 31 December 2020 have been reviewed by the company's independent auditor, PKF Brisbane Audit.

13. Signed

A handwritten signature in black ink, appearing to be 'Sue MacLeman', written over a horizontal line.

Sue MacLeman

Chair and Non-Executive Director

Brisbane
19th February 2021

OVENTUS MEDICAL LIMITED

ACN 608 393 282

Interim Financial Report

For the Half-Year Ended 31 December 2020

Interim Financial Report
For the half-year ended 31 December 2020

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Directors' Report

For the half year ended 31 December 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 half year ended 31 December 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:

Ms Sue MacLeman – Non-Executive Chair and Non-Executive Director (appointed as Non-Executive Chair on 23 November 2020)

Dr Christopher Hart – Executive Director

Dr Mel Bridges – Non-Executive Director (appointed as Non-Executive Director and retired as Chairman on 23 November 2020)

Mr Jake Nunn – Non-Executive Director

Mr Paul Molloy – Non-Executive Director

Mr Sharad Joshi – Non-Executive Director (retired as Non-Executive Director on 23 November 2020)

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. 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 half year ended 30 December 2020, Oventus was primarily focused on maximising device sales and expanding its Lab in Lab (LIL) model in North America and across other markets with strategic partners.

The LIL model 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

Strong adoption of LIL model

Strong adoption of the LIL model continued during the half year to 31 December 2020. The telehealth and remote training measures that Oventus introduced earlier in the year to enable continued engagement with patients due to COVID-19 restrictions contributed to a strong uplift in device sales in both the September and December quarters, with these levels exceeding the Company's pre-COVID revenue build.

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.

Also during the period, Oventus successfully piloted a homecare extension of the LIL program to hedge against the risk of protracted COVID-19-related shutdowns across North America and adjusted the program further during the December quarter to leverage expanded use of telehealth.

Landmark agreement with VGM & Associates

A key part of this telehealth expansion was the launch of a national LIL marketing agreement with VGM & Associates, the largest network of respiratory care providers in the US.

Review of operations (continued)

The agreement is the first time a dentist-supervised oral appliance therapy program has been offered in the US Durable Medical Equipment setting on a national basis. It represents a watershed moment in the evolution of the LIL program in terms of driving the rollout and adoption of the telehealth and remote treatment model, with small levels of adoption representing an opportunity many times the size of Oventus' current LIL program.

Under the agreement, VGM is promoting Oventus' LIL program to 2,500+ members as a preferred supplier of oral appliance therapy.

As at the half year end, the onboarding of Oventus as a preferred vendor was complete, marketing of Oventus technology to VGM members was underway and initial launch sites have been identified with very positive early feedback.

Two further LIL agreements across 9 additional sites

Also during the half year, Oventus signed LIL agreements 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 across 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, LIL facilities will be implemented in its largest location with 14 beds of sleep diagnostics.

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.

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.

More LIL sites contracted, launched and scanning patients

As at half year end 64 sites had been contracted and 36 sites had been launched, of which 24 sites were scanning patients. Once fully launched, 49 of 64 sites have monthly quotas of 20 units per month and 15 of 64 sites have monthly quotas of 10 units per month. Including newly contracted sites and optimisation of existing agreements subsequent to half year end, 68 Lab in Lab sites are now contracted, 40 have launched and 24 are scanning. Of all those LIL sites contracted to date, agreements with 6 LIL sites have been terminated due to COVID-19-related hardship or poor performance.

In addition to the contracted sites, Oventus' had several thousand sites in its potential deal funnel.

Cost of Goods improvement initiatives continuing

Oventus continued its cost reduction efforts during 1H FY21, undertaking a number of projects designed to increase efficiency in order to continue to reduce costs, and therefore, improve margins on device sales. Through this process, the Company is targeting gross margin improvements on device sales for the remainder of FY2021.

Impact of COVID-19

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.

Review of operations (continued)

While patient flow at launched sites remained subdued due to the impact of COVID-19 up to 31 December 2020 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 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.

Financial position and results

The Company's cash position was \$4.8 million as at 31 December 2020, providing over three quarters of funding, without the benefit of continued revenue improvement which is expected to increase during CY2021 as Oventus launches more sites and patient flow increases to more normal levels with greater conversion rates.

Booked revenues for the six-month period were \$550,232, up 192% over the prior period with the growth driven by a mix of LIL sites that remained operational, continuing to scan patients, an expansion of the telehealth extension of the LIL program and an increase in direct sales to dentists who are delivering Oventus treatments in their own dental practices as well as being involved in the LIL program.

Cash receipts to the six months ended 31 December 2020 totalled \$415,560, up 109% over the prior period. The booked revenue is greater than the collected revenue due to the significant increase in booked revenue during the half and the longer sell cycle (up to 90 days)¹ from booked revenues to collection of cash receipts. The difference is expected to be collected in the coming quarter as has previously been the case.

During the six months ended 31 December 2020 the Group received \$265,243 in various COVID-19 related Government stimulus targeted at maintaining staffing levels in Australia and Canada where the Group operates. Stimulus measures have been recognised as an offset to staff costs.

The loss for the Consolidated Entity for the six months ended 31 December 2020 amounted to \$4,678,225 (2019: loss of \$5,126,363). The Consolidated Entity earned \$550,232 in revenue for the six months ended 31 December 2020 (2019: revenue of \$188,406) and incurred operating expenses of \$4,720,796 for the six months ended 31 December 2020 (2019: \$5,249,298). Development expenditures of \$459,052 incurred during the six months ended 31 December 2020 (2019: \$418,317) were capitalised in the consolidated statement of financial position. In addition, operating expenses include a non-cash provision for share based payments of \$437,741 (2019: 162,134). The decrease in operating expenditures related primarily to the Company's cost control measures, access to government grants and credits and the impact of exchange rates on US dollar denominated expenses.

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 2020 Annual General Meeting, held on 23 November 2020, there were a number of Board changes as follows:

Board and executive management changes (continued)

- Mr Melvyn Bridges retired as Chairman and moved to a Non-Executive Director role. He was also appointed as Chair of Oventus' Audit and Risk Committee.

¹ See ASX Announcement dated 11 October 2019.

- Ms Sue MacLeman, who has served as Non-Executive Director since 2015, was appointed as Non-Executive Chair. Ms MacLeman was also appointed as Chair of the Remuneration Committee.
- Mr Sharad Joshi retired as a Non-Executive Director.

These changes were made to the Board to align with Oventus' focus towards more global operations and strategy.

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.

Significant matters subsequent to the period

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly 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

As well as site launches, relaunches and maximising device sales, Oventus' strategic focus for the remainder of FY2021 is as follows:

- Continue contract negotiations for additional LIL sites
- Reduction of COGS combined with investment into accelerating revenue build to increase cashflow from operations
- 510k FDA application for ExVent in the US
- Launch LIL program in other markets with strategic partners

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 2020.

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



Sue MacLeman
Chair and Non-Executive Director

Brisbane
19th February 2021

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 2020, 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

19 FEBRUARY 2021
BRISBANE

PKF Brisbane Audit ABN 33 873 151 348

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Condensed Consolidated Statement of Comprehensive Income
For the Half-Year Ended 31 December 2020

		31-December 2020 \$	31-December 2019 \$
Revenue			
Device Sale Revenue	2	447,386	181,192
Service Fee Revenue		102,846	7,214
Total Revenues		550,232	188,406
Cost of sales		(297,820)	(101,811)
Gross Profit		252,412	86,595
Less: Expenses			
Staff costs		2,166,243	2,740,502
Staff costs – Share Based Payments		437,741	162,134
Depreciation and amortisation		643,016	507,556
Administration		181,052	242,629
Travel		301,574	498,235
Sales & Marketing		161,839	327,774
Information technology costs		239,555	205,571
Audit legal & consulting		294,126	231,715
Insurance		157,589	190,934
Clinical Studies Research & Regulatory		5,331	8,056
Office & Lab		132,730	134,193
Total expenses		4,720,796	5,249,299
		(4,468,384)	(5,162,704)
Other income (expenses)			
Interest income		28,696	18,771
Interest expense		(12,973)	(3,434)
Other income		125,836	21,138
Unrealised Gain/(Loss) on foreign exchange		(351,400)	(134)
		(209,841)	36,341
Loss before income tax expense		(4,678,225)	(5,126,363)
Income tax expense		-	-
Loss for the year attributable to members of the company		(4,678,225)	(5,126,363)
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations		227,034	(59,988)
Total comprehensive loss attributable to members of the company		(4,451,191)	(5,186,351)
Earnings per share for profit/(loss) from continuing operations:			
Basic earnings per share	12	(2.96)	(4.01)
Diluted earnings per share		(2.96)	(4.01)

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 2020**

		31-December 2020	30-June 2020
	Note	\$	\$
Current assets			
Cash and cash equivalents	3	4,834,013	8,455,393
Trade and other receivables	4	271,683	179,113
Inventory		84,949	54,842
Other current assets	5	650,897	1,219,400
Total current assets		<u>5,841,542</u>	<u>9,908,748</u>
Non-current assets			
Property, plant and equipment	6	960,084	966,271
Right of use assets	7	632,780	44,033
Intangible assets	8	3,437,172	3,333,320
Deposits		136,208	74,732
Total non-current assets		<u>5,166,244</u>	<u>4,418,356</u>
Total assets		<u><u>11,007,786</u></u>	<u><u>14,327,104</u></u>
Current liabilities			
Trade and other payables	9	1,763,474	1,699,751
Other current liabilities	10	511,622	321,511
Total current liabilities		<u>2,275,096</u>	<u>2,021,262</u>
Non-current liabilities			
Other liabilities	10	515,090	89,817
Total non-current liabilities		<u>515,090</u>	<u>89,817</u>
Total liabilities		<u>2,790,186</u>	<u>2,111,079</u>
Net assets		<u><u>8,217,600</u></u>	<u><u>12,216,025</u></u>
Equity			
Share capital	11	44,348,788	44,333,763
Share based payment reserve		1,110,605	711,364
Translation reserve		101,664	(125,370)
Accumulated losses		(37,343,457)	(32,703,732)
Total equity		<u><u>8,217,600</u></u>	<u><u>12,216,025</u></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 2020

	Contributed Equity \$	Share Based Payments Reserve \$	Translation Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2019	29,640,394	500,212	(112,252)	(22,671,750)	7,356,605
Cumulative adjustment upon adoption of new accounting standard - AASB 16	-	-	-	(3,304)	(3,304)
Balance at 1 July 2019 restated	29,640,394	500,212	(112,252)	(22,675,054)	7,353,300
Loss for the year	-	-	-	(5,126,363)	(5,126,363)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(5,126,363)	(5,126,363)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	8,612,979	-	-	-	8,612,979
Share based payments	-	162,138	-	-	162,138
Write-off of forfeited options	-	(21,013)	-	21,013	-
Exchange differences on translating foreign operations	-	-	(59,989)	-	(59,989)
Total transactions with owners in their capacity as owners:	8,612,979	141,125	(59,989)	21,013	8,715,128
Balance at 31 December 2019	38,253,373	641,337	(172,241)	(27,780,404)	10,942,065
Balance at 1 July 2020	44,333,763	711,364	(125,370)	(32,703,732)	12,216,025
Loss for the year	-	-	-	(4,678,225)	(4,678,225)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(4,678,225)	(4,678,225)
Transactions with owners in their capacity as owners:					
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	-
Exchange differences on translating foreign operations	-	-	227,034	-	227,034
Total transactions with owners in their capacity as owners:	15,025	399,241	227,034	38,500	679,800
Balance at 31 December 2020	44,348,788	1,110,605	101,664	(37,343,457)	8,217,600

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 2020

	31-December 2020	31-December 2019
Note	\$	\$
Cash flows from operating activities		
Receipts from customers	415,560	198,856
Interest received	30,189	18,771
Interest paid	-	-
Payments to suppliers and employees	(4,182,954)	(5,458,633)
R&D grants and concessions received	1,020,933	828,120
Net cash outflow from operating activities	(2,716,272)	(4,412,886)
Cash flows from investing activities		
Payments for property, plant and equipment	(125,359)	(757,995)
Payments for intangible assets	(735,600)	(268,533)
Proceeds from disposal of plant and equipment	-	2,909
Proceeds from (payments for) term-deposits	(23,268)	-
Net cash outflow from investing activities	(884,227)	(1,023,619)
Cash flows from financing activities		
Proceeds from issue of shares, net of transaction costs	(31,975)	8,612,979
Net cash inflow from financing activities	(31,975)	8,612,979
Net increase (decrease) in cash held	(3,632,474)	3,176,474
Cash and cash equivalents at the beginning of the financial period	8,455,393	2,998,563
Effects of exchange rate changes on cash and cash equivalents	11,094	(2,077)
Cash and cash equivalents at the end of the period	4,834,013	6,172,960

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 2020

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 2020 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 2020 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.

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.

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 and launch 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 half-year, the Group made a loss before tax of \$4,678,225 (2019: loss of \$5,126,363) and has accumulated losses of \$37,343,457. However, as at 31 December 2020, the current assets exceed its current liabilities by \$3,566,446. 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 for working capital requirements and to meet expansionary and long-term goals.

Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 31 December 2020

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.

	31-December 2020	31-December 2019
	\$	\$
2. Revenue		
Device Sales	447,386	181,192
Services Revenue	102,846	7,214
	<u>550,232</u>	<u>188,406</u>

	31-December 2020	30-June 2020
	\$	\$
3. Cash and cash equivalents		
Cash on hand	13	48
Cash at bank	2,834,000	2,455,345
Short-term deposits	2,000,000	6,000,000
	<u>4,834,013</u>	<u>8,455,393</u>

	31-December 2020	30-June 2020
	\$	\$
4. Trade and other receivables		
Trade receivables	214,320	80,446
GST receivable	58,554	40,170
Other receivables	11,493	71,979
	<u>284,367</u>	<u>192,595</u>
Less allowance for doubtful debts	<u>(12,684)</u>	<u>(13,482)</u>
	<u>271,683</u>	<u>179,113</u>

Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 31 December 2020

	31-December 2020 \$	30-June 2020 \$
5. Other current assets		
Prepayments	359,976	446,107
Accrued research & development tax credit	204,228	588,890
Other assets	86,693	184,403
	<u>650,897</u>	<u>1,219,400</u>

6. Property, plant and equipment

	Computer and office furniture and equipment \$	Sleep and production equipment \$	Company Vehicles \$	Leasehold improvement \$	Total \$
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	<u>73,542</u>	<u>833,181</u>	<u>35,494</u>	<u>24,054</u>	<u>966,271</u>

Half-year ended 31 December 2020

Opening net book amount	73,542	833,181	35,494	24,054	966,271
Fx movements on cost	-	(38,760)	(3,783)	-	(42,544)
Additions	63,802	94,191	-	6,805	165,558
Depreciation charge	(18,980)	(83,631)	(2,204)	(23,627)	(129,202)
Closing net book amount	<u>118,364</u>	<u>804,981</u>	<u>29,507</u>	<u>7,232</u>	<u>960,084</u>

At 31 December 2020

Cost	222,372	1,179,178	35,253	237,688	1,674,491
Accumulated depreciation	(104,008)	(374,197)	(5,746)	(230,456)	(714,407)
Net book amount	<u>118,364</u>	<u>804,981</u>	<u>29,507</u>	<u>7,232</u>	<u>960,084</u>

7. Right of use assets

	Total \$
Property Leases	
At 30 June 2020	
Cost	264,209
Accumulated depreciation	(220,176)
Net book amount	<u>44,033</u>

Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 31 December 2020

7. Right of use assets (continued)

			Total
Property Leases (continued)			
Half-year ended 31 December 2020			\$
Opening net book amount			44,033
Additions			670,295
Depreciation charge			(81,548)
Closing net book amount			632,780
At 31 December 2020			
Cost			670,295
Accumulated depreciation			(37,515)
Net book amount			632,780

8. Intangible assets	Patents, trademarks and licences	Software	Development costs	Total
	\$	\$	\$	\$
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
Half-year ended 31 December 2020				
Opening net book amount	1,192,226	89,471	2,051,623	3,333,320
Additions	261,663	14,885	459,052	735,600
Tax concession received or receivable	-	-	(199,688)	(199,688)
Amortisation expense	(40,731)	(26,514)	(364,815)	(432,060)
Closing net book amount	1,413,158	77,842	1,946,172	3,437,172
At 31 December 2020				
Cost	1,629,222	419,258	4,494,470	6,545,950
Accumulated amortisation	(216,064)	(341,416)	(2,548,298)	(3,105,778)
Net book amount	1,413,158	77,842	1,946,172	3,437,172

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

	31-December 2020 \$	30-June 2020 \$
9. Trade and other payables		
Trade creditors	769,179	512,631
PAYG Withholding payable	99,650	23,687
Employee benefits payable	46,950	224,291
Other creditors	847,695	939,142
	1,763,474	1,699,751

Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 31 December 2020

	31-December 2020 \$	30-June 2020 \$
10. Other liabilities		
<i>Current</i>		
Employee benefits - annual leave	302,798	275,294
Lease Liability	208,824	46,217
	<u>511,622</u>	<u>321,511</u>
<i>Non-current</i>		
Employee benefits – long service leave	89,817	89,817
Lease Liability	425,273	-
	<u>515,090</u>	<u>89,817</u>

	31-December 2020 Number of Shares #	31-December 2020 Value of Shares \$	30-June 2020 Number of Shares #	30-June 2020 Value of Shares \$
11. Equity – Share capital				
Opening Balance	158,237,701	44,333,763	105,939,212	29,640,394
1 August 2019	-	-	15,757,491	5,987,847
27 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
18 June 2020 Share issue costs	-	-	-	(1,301,124)
7 August 2020 Share issue costs	-	6,127	-	-
7 August 2020 SPP options exercised	24,716	8,898	-	-
At reporting date	<u>158,262,417</u>	<u>44,348,788</u>	<u>158,237,701</u>	<u>44,333,763</u>

	31-December 2020 \$	31-December 2019 \$
12. Loss per share		
Loss per share from continuing operations		
Loss after income tax	<u>(4,678,225)</u>	<u>(5,126,363)</u>
Loss after income tax attributable to the owners of Oventus Medical Limited	<u>(4,678,225)</u>	<u>(5,126,363)</u>

Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 31 December 2020

	31-December 2020 Numbers	31-December 2019 Numbers
12. Loss per share (continued)		
Weighted average number of ordinary shares used in calculating basic loss per share	158,259,844	127,944,152
Diluted loss per share	(2.96)	(4.01)

13. Significant Matters Subsequent to the Period

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly 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.

14. Segment Reporting

	31-Dec-20			31-Dec-19		
	Australia	North America	Total	Australia	North America	Total
	\$	\$	\$	\$	\$	\$
Device Sale Revenue	133,756	313,630	447,386	137,572	43,620	181,192
Service Fee Revenue	-	102,846	102,846	-	7,214	7,214
Cost of Sales	(58,342)	(239,478)	(297,820)	(70,079)	(31,732)	(101,811)
Gross Profit	75,414	176,998	252,412	67,493	19,102	86,595
Staff costs	(1,247,380)	(1,356,604)	(2,603,984)	(1,372,097)	(1,530,539)	(2,902,636)
Sales and marketing	(61,385)	(100,454)	(161,839)	(118,956)	(208,818)	(327,774)
Other expenses	(1,182,416)	(772,558)	(1,954,974)	(1,525,772)	(493,117)	(2,018,889)
Segment operating loss	(2,215,767)	(2,052,618)	(4,468,385)	(2,949,332)	(2,213,372)	(5,162,704)
Segment assets	9,528,458	1,479,328	11,007,786	11,549,010	680,486	12,229,496
Segment liabilities	2,024,210	765,977	2,790,187	1,079,776	207,655	1,287,431

Directors' Declaration

For the half-year ended 31 December 2020

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 2020 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

A handwritten signature in black ink, consisting of a stylized 'S' and 'M' followed by a horizontal line.

Sue MacLeman

Chair and Non-Executive Director

Brisbane

19th February 2021

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 2020, 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 2020, 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.

PKF Brisbane Audit ABN 33 873 151 348

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PKF Brisbane Pty Ltd. is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Responsibility of the Directors for the 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 Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

19 FEBRUARY 2021
BRISBANE

Corporate directory
31 December 2020

Directors	<ul style="list-style-type: none"> • Ms Sue MacLeman - Chair and Non-Executive Director • Dr Mel Bridges - Non-Executive Director • Dr Christopher Hart - (Executive Director) (Founder) (Managing Director and Chief Executive Officer from 30 August 2018) (Clinical Director up to 29 August 2018) • Mr Sharad Joshi - Non-Executive Director (resigned 23 November 2020) • Mr Paul Molloy - Non-Executive Director • Mr Jake Nunn - Non-Executive Director
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	www.O2Vent.com
Corporate Governance Statement	The Corporate Governance Statement of Oventus Medical Limited is available from our website www.O2Vent.com via the tab headed "Investors".