



Oventus Medical

INVESTOR BRIEFING

23 February 2021



Oventus Medical is leading a new paradigm of sleep apnea care

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Traction building for Oventus' OSA therapy, H1FY21 booked revenue up 192%



Oventus' **O2Vent oral appliance therapy** is a discrete, portable, highly efficacious and competitive alternative to CPAP

Disrupting the **\$2.4B US¹** obstructive sleep apnea (OSA) treatment landscape

Lab in Lab-model enables dentists and sleep groups to work collaboratively and profitably, **to the benefit of patients**

68 Lab in Lab sites contracted, 40 launched and 24 scanning

Further high growth potential from VGM agreement

Telehealth and remote treatment model developed in response to COVID-19 **adopted by the largest network of respiratory care providers in the US** VGM & Associates

Double digit QoQ growth since Sept 2020 quarter, despite COVID-19 driven interruptions

H1 FY21 booked revenue up 192% on pcp to A\$550k and cash receipts from customers up 109% to A\$415k

Sales orders and telehealth consults **trending above prior quarter** despite seasonality

Source: ¹Sullivan, F. (2016). Hidden health crisis costing America billions: Underdiagnosing and undertreating obstructive sleep apnea draining healthcare system. American Academy of Sleep Medicine.

Obstructive Sleep Apnea overview



Obstructive sleep apnea (OSA) is the most common type of 'sleep apnea'¹



Compromises daytime functions leading to excessive sleepiness, memory impairment and depression



Co-morbidities include hypertension, heart disease, atrial fibrillation, stroke and diabetes



Occurs when a person's airway repeatedly becomes blocked despite efforts to breathe

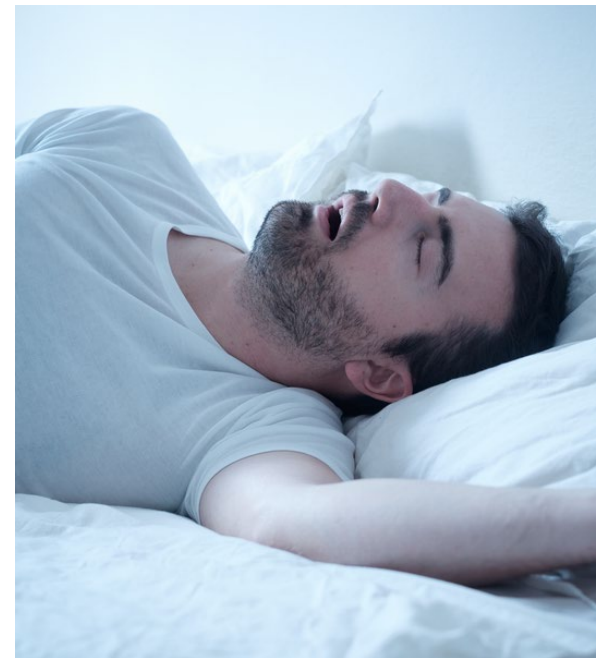
Risk factor for chronic disease

Cost burden US\$149.6B, US\$6,033¹ per person per year undiagnosed

Source: ¹Sullivan, F. (2016). Hidden health crisis costing America billions: Underdiagnosing and undertreating obstructive sleep apnea draining healthcare system. American Academy of Sleep Medicine.

50% to 60% of OSA patients quit CPAP within the first year

- ~6M adult patients prescribed CPAP in the US
 - 50-60% of those patients quit CPAP
- **~3M existing patients in need of an effective alternative treatment:**
 - Oventus devices sold wholesale for an average of ~A\$800/unit
 - Valves/other accessories drive recurring revenues
- **Diagnosed patients not using CPAP – \$2.4B opportunity in the US alone¹**
- Given current rates of prevalence and CPAP abandonment, US addressable market = >\$12B
- More patients seeking a non-CPAP solution – oral appliance market forecast to grow at 16% CAGR
- ~80% of OSA sufferers remain undiagnosed²



¹Based on 12% prevalence in adults within US suffering OSA as defined by having five or more sleep events per hour (AHI>5). Source: Frost & Sullivan. (2016). Hidden health crisis costing America billions: Underdiagnosing and undertreating obstructive sleep apnea draining healthcare system. Darien, IL: American Academy of Sleep Medicine.

The trouble with CPAP



CPAP, the 'standard of care' works, but for a significant percentage:

Masks and straps are uncomfortable, leading to facial abrasion, strap marks, claustrophobia and limited ability to move in bed

Air pressures are hard to tolerate and CPAP can be noisy

Technology has an image problem

Cleaning and maintenance required, masks and hoses must be regularly resupplied

50%-60%¹ of patients quit CPAP within first year

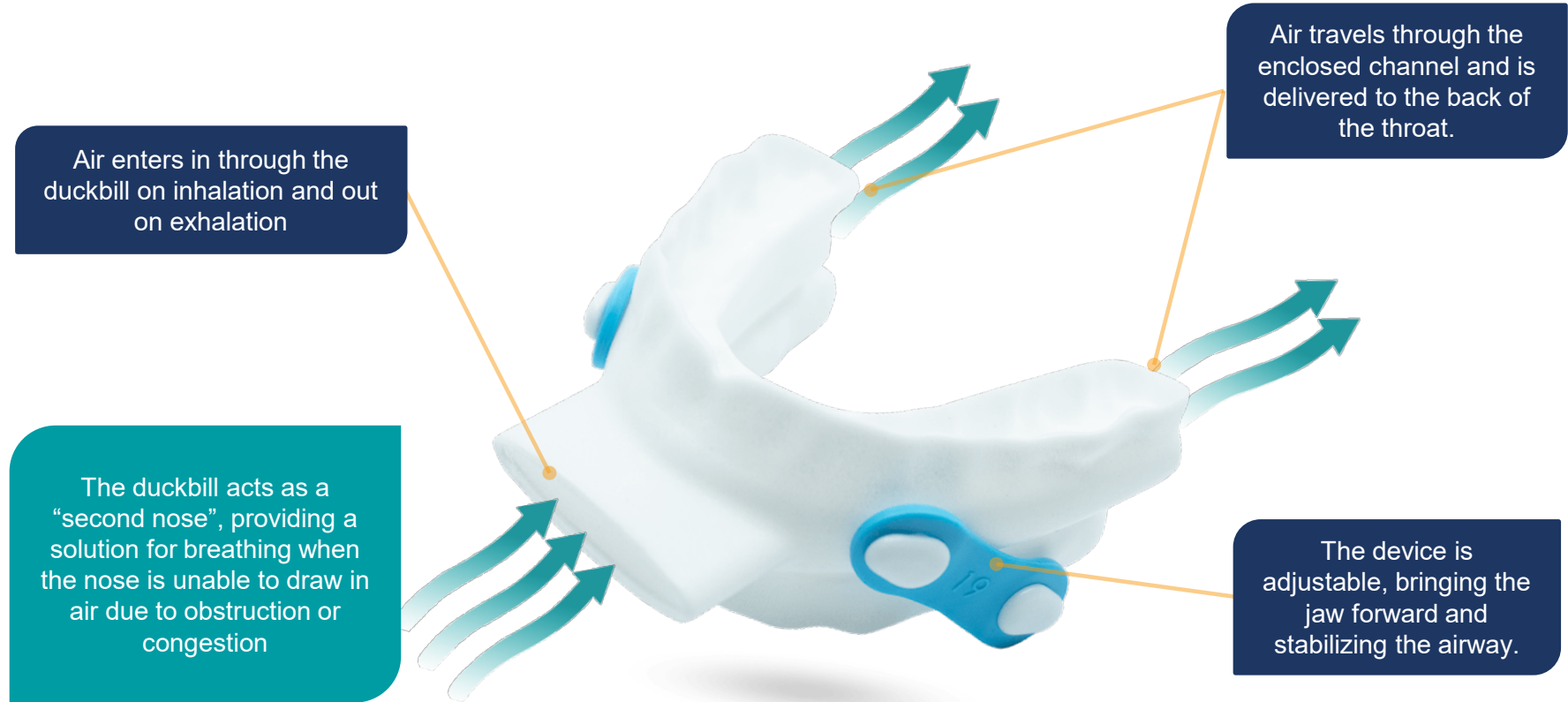
Large US study² showed only 54% compliance long term

Sources:

¹. Ballard RD, Gay PC, Strollo PJ. Interventions to improve compliance in sleep apnoea patients previously non-compliant with continuous positive airway pressure (CPAP), JCSM 2007, Vol 3, No7, 706-12

². <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2679572/>

O2Vent Optima®: How it works



Oventus O2Vent® addresses the needs of 80%¹ of OSA patients



Conventional lower jaw
advancement

56%² of patients
treated
successfully



Mandibular Advancement Devices

O2Vent® /
O2Vent Optima®

63%³ of patients
treated
successfully



O2Vent® + ExVent® PEEP
valve technology

80%^{3, 4} of patients
treated
successfully



CUMULATIVE SUCCESS RATES WITH OVENTUS AIRWAY TECHNOLOGY*

*Apnea-Hypopnea Index (AHI) reduction to less than 10 events per hour

Available outside of the
US. 510k submission
pending

1. Based on success rates of O2Vent + ExVent. Refer clinical resources on O2Vent.com. 2. Lavery D, Szollosi I, Moldavtsev J, McCloy K, Hart C. Airway open-airway closed: The effect of mandibular advancement therapy for obstructive sleep apnoea with and without a novel in-built airway. Poster session presented at: Australasian Sleep Society Sleep DownUnder, 2018, October 17-20; Brisbane, Australia 3. Lai, V, Tong, B, Tran, C, Ricciardiello, A, Donegan, M, Murray, N, Carberry, J, Eckert, D. 'Combination therapy with mandibular advancement and expiratory positive airway pressure valves reduces obstructive sleep apnea severity', Sleep, vol 42, no. 8, August 2019, zsz 119. 4. Tong B, Tran C, Ricciardiello A, Donegan, Murray N, Chiang A, Szollosi I, Amatury J, Eckert D. Combination therapy with CPAP plus MAS reduces CPAP therapeutic requirements in incomplete MAS responders. Poster session presented at: Australasian Sleep Society Sleep DownUnder, 2018, October 17-20; Brisbane Australia 5. ExVent available in Oventus' key markets of Australia and Canada, not yet approved in the US.

Oventus is driving disruption in the sleep industry

Why do oral appliances only represent 10% of the therapeutic market?

- Variable efficacy of oral appliances
- Complex patient journey
- Competing economic imperatives between the sleep and dental channels

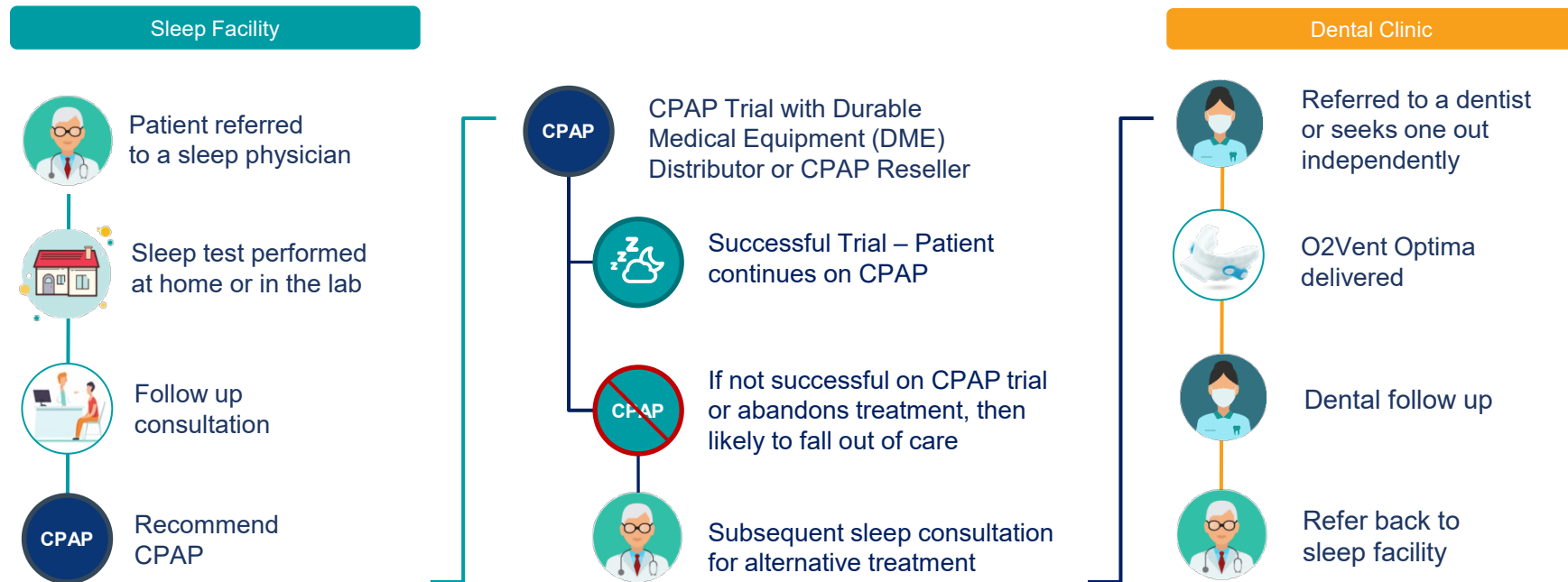


Oventus is addressing these issues with new technology and a novel approach to care

- Clinically validated to be the most effective oral appliance with success rates comparable to CPAP^{1,2,3}
- Digital workflow and virtual patient journey mean that Oventus' unique treatment modality can be delivered in both the sleep and dental channel
- 'Lab in Lab' (LIL) program increases revenue and profit for both the sleep and dental channel

1 McCloy K, Lavery D, Moldavtsev J, Airway open-airway closed: The effect of mandibular advancement therapy for obstructive sleep apnoea with and without a novel in-built airway. Abstract Submitted ASA Brisbane 2018. 2 Lai V, Tong B, Tran C, Ricciardiello A, Donegan M, Murray N, Carberry J and Eckert D. Combination therapy with mandibular advancement and expiratory positive airway pressure valves reduces OSA severity. Abstract Submitted ASA Brisbane 2018. 3 Tong B, Tran C, Ricciardiello A, Donegan M, Murray N, Chiang A, Szollosi I, Amatoury A and Eckert D. Combination therapy with CPAP plus MAS reduces CPAP therapeutic requirements in incomplete MAS responders. Abstract submitted ASA Brisbane 2018.

Patients struggle with traditional treatment pathways



Oventus' LIL network of mini clinics inside sleep facilities simplifies the patient journey and brings more patients into care



By enabling dentists to take oral scans of patients mouths within the sleep facility, the patient is able to complete the whole care cycle at one location.

1



Sleep doc consults/ diagnoses/ prescribes

2



Dentist within sleep centre* scans patient for O2Vent Optima, delivers device, handles reimbursement

3



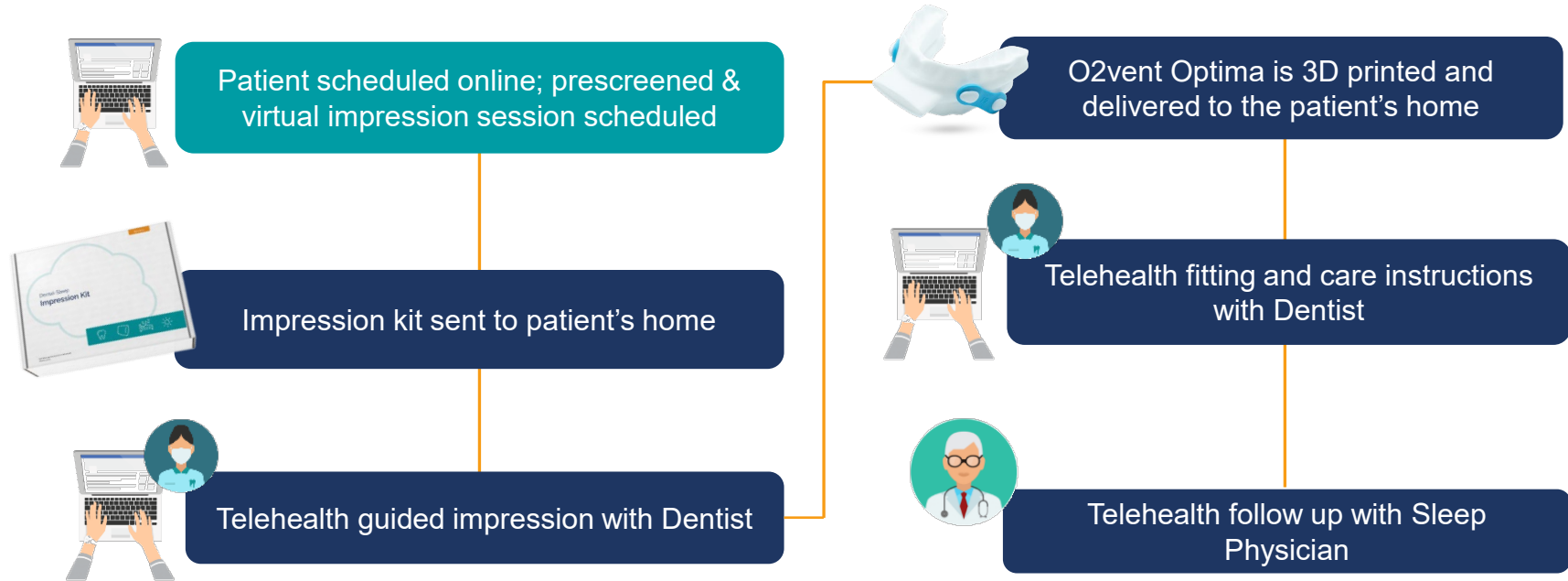
Ongoing patient management shared by the sleep physician and dentist

*Reimbursed in the US under existing HCPC codes for both commercial payers and government funded Medicare patients

Oventus now offers end-to-end treatment, delivered remotely



Benefits for patients, with substantially lower costs for Oventus



Simple for the patient and cost effective to deliver, this fully virtual treatment model removes many of barriers to delivering care

Oventus' telehealth oral appliance therapy revolutionises OSA treatment



**Therapy managed remotely by a
Dentist and a sleep physician**



**Patient receives same level of care as
a face to face visit**

Oventus positioned for telehealth growth surge

COVID-19-related concerns in treating OSA:

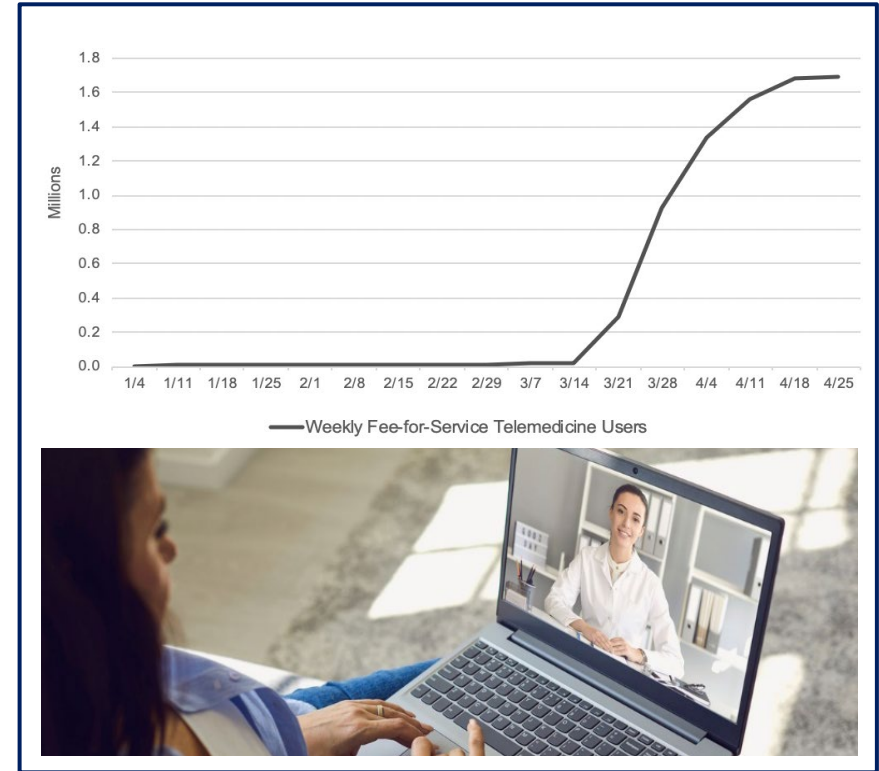
- CPAP aerosol droplets thought to spread virus
- Sleep centre in-lab services 50% reduced with many suspended
- Increase in home sleep studies
- Reduced patient visits (dental and medical)

Telemedicine emerges and is here to stay:

- Over 9 million beneficiaries have received a telehealth service during the public health emergency, mid-March through mid-June

Teledentistry service providing oral appliance treatment and management:

- Convenient
- Low cost
- Virtual collaboration: Help Sleep MD and dentist keep patients in care
- Solution for patients that cannot use CPAP



Source: Internal CMS analysis of Medicare FFS claims data, March 17, 2020 through June 13, 2020 (using data processed through June 19, 2020)

National Lab in lab marketing agreement signed with VGM – USA's largest network of respiratory care providers



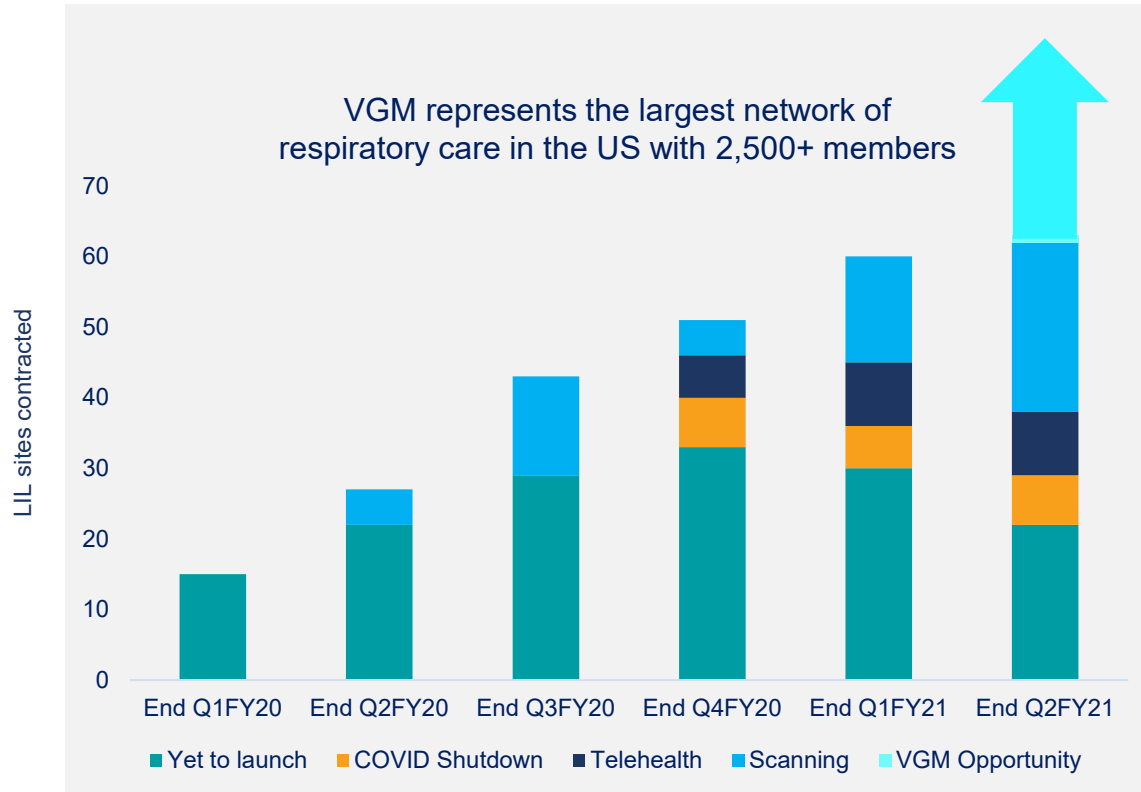
- Largest Member Service Organisation in the US for post-acute healthcare including DME/Home Medical Equipment, Respiratory and Sleep
- VGM Respiratory is available to 2,500+ VGM members who either specialise in providing respiratory-related equipment to their patients or would like to add a new service to their business
- Onboarding of Oventus as a preferred vendor is complete with marketing to members underway and first contracts being negotiated
- The first dentist-supervised oral appliance program offered in the DME setting on a national basis – a watershed moment in the evolution of the LIL program
- Initial launch sites identified with very positive early feedback
- **First site launch anticipated in the next 90 days**, ahead of previous expectations
- Even modest adoption represents an opportunity many times the size of the current Lab in lab program

National Lab in lab marketing agreement signed with VGM presents a significant opportunity for growth



- Initial engagement is with groups performing ~ 1000 CPAP set ups per month
- A CPAP set up involves a 90 day trial of CPAP
- The patient needs to show compliance of at least 4 hours, per night five nights, per week for them to have their CPAP treatment reimbursed
- 25-35% of patients do not achieve this
- These patients are to be recommended O₂Vent therapy
- 20 out of 2,500 member organisations are being identified for initial roll out
- First contracts have been issued

Contract negotiations, launches and relaunches ongoing through COVID-19



At the time of writing:

- 68 traditional lab in lab sites had been contracted
- 40 sites had been launched
- 24 sites were physically seeing patients

In response to the global pandemic the company has developed an entirely virtual clinical business model

The development of this model has led to the signing of a marketing agency agreement with VGM as the preferred provider of oral appliance therapy – VGM is the largest network of respiratory care providers in the US with over 2500 members and ~7000 sites

The number of sleep and respiratory care groups looking to adopt the technology continues to grow as the LIL program gains acceptance across North America

Oventus' 'Lab in Lab' program has gone virtual

Evolution of the virtual business model as a result of COVID-19 has delivered significant upside

- Reduced capital requirements
- Lower fixed costs
- National coverage
- Significantly reduced scalability
- Centralised patient management and implementation across all channels
- Ability to deliver care in any setting: sleep groups, home care groups (VGM), CPAP shops, GP offices, pharmacies, online



Direct-to-consumer virtual model successfully piloted and launched in the US

- Virtual collaboration between dentists and sleep groups
- Home sleep testing
- Virtual physician oversight
- Dentist guided virtual impression
- Home delivery of O2Vent therapy

Generates value for all stakeholders

Brings more patients into care

Customer acquisition cost similar to other clinical models with the same clinical workflows – minimal additional investment required

GoPAPfree

[How it works](#) [Pricing](#) [Insurance](#) [Contact](#)

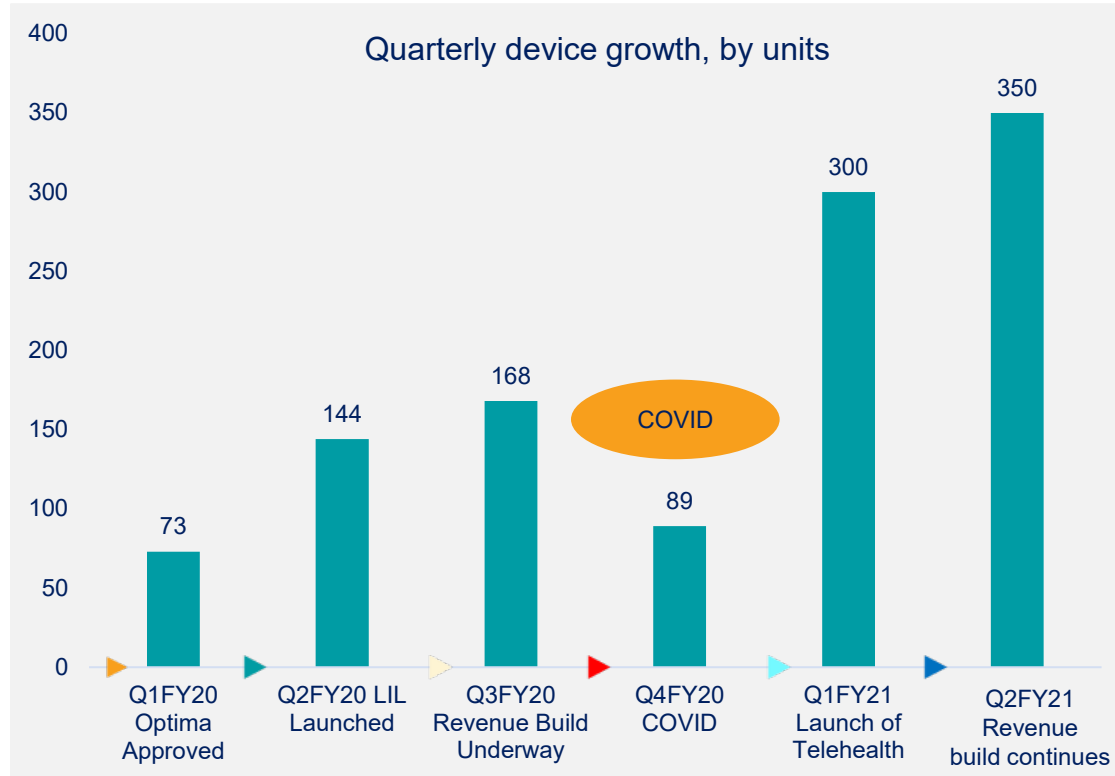


Break up
with your CPAP

Sleep with me instead ;)

Schedule a free virtual consultation
with us and see if O2Vent Optima® is a
fit for your OSA treatment.

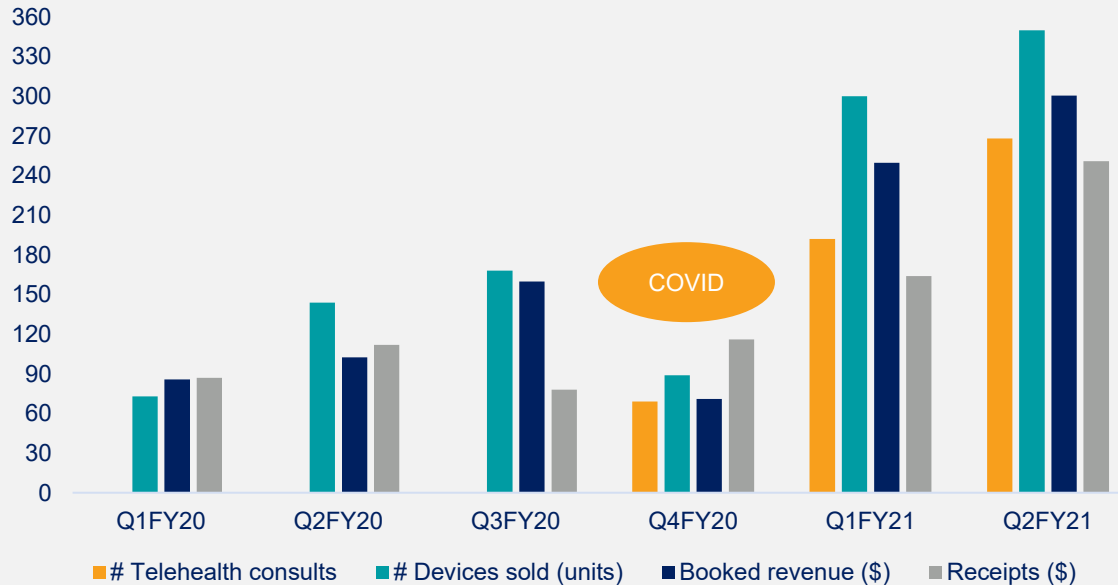
Launch of Optima and Lab in Lab program builds revenue through pandemic



- ▶ O2Vent Optima FDA clearance in September 2019
- ▶ First Lab in Lab sites launched in October 2019
- ▶ Additional sites launched and revenue building to mid March 2020
- ▶ OVN launches telehealth in the face of significantly reduced patient flow to the clinics
- ▶ Device sales grow significantly – exceeding pre-COVID revenue build
- ▶ Fully remote patient treatment model launched and first national contracts signed with traditional CPAP distributors – revenue build continues amidst challenging market

Oventus shows growth across all key performance indicators

Telehealth consults undertaken, device sales (units), booked revenue and cash receipts



- Steady growth from Q4FY20
- Telehealth program launched in Q4 FY20 as response to restricted patient access to physical venues
- Consults undertaken by Oventus' Telehealth team have grown steadily from Q4 FY20 (69) to Q2 FY21 (268)
- Device sales, booked revenue and cash receipts from customers have grown at corresponding rates

At time of writing:

- Sales orders and telehealth consults trending above prior quarter despite usual seasonality

Reopening, LIL expansion and virtual clinical model: significant growth opportunity

Infection rates for COVID-19 are falling in North America and clinics are slowly reopening

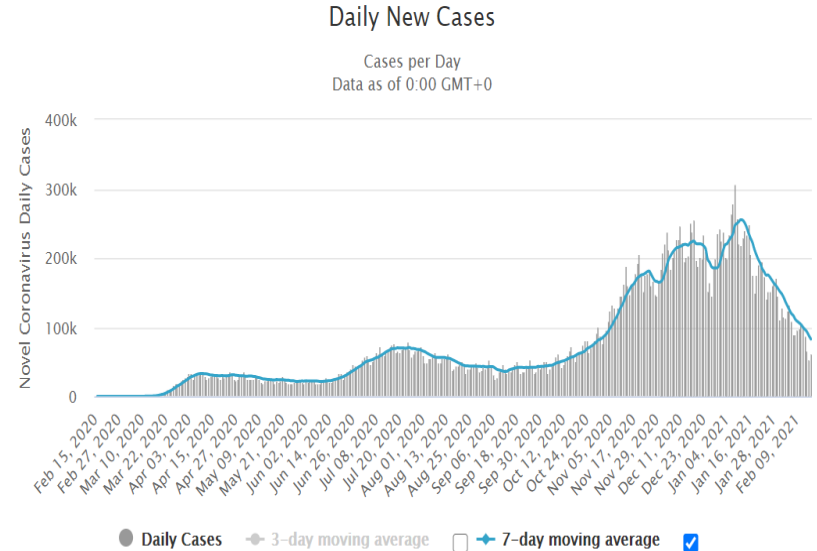
While patient flow is currently subdued, and sites are trending under their monthly quotas – patient flow is expected to improve through calendar 2021

The evolution of the Lab in Lab program to a virtual model means patients can be treated anywhere anytime

- national coverage is being achieved in months instead of years
- fixed costs and capex greatly reduced
- clinical business model is highly scalable

This evolution has led to an increase in demand from the industry as evidenced by the increase in the number of national groups adopting the technology and clinical business model and the ability to market direct-to-consumer

Daily New Cases in the United States



<https://www.worldometers.info/coronavirus/country/us/>

H1FY21 highlights

Growth of Lab in Lab

- 68 sites contracted = A\$13.8m potential annualised revenue
- 40 sites launched = A\$8.8m potential annualised revenue
- 24 sites scanning = A\$5.2m potential annualised revenue

Business improvements

- Telehealth implemented in response to COVID resulting in increased conversion rates
- Homecare extension has led to adoption by VGM – the largest network of respiratory care providers in the US

Reduced Cash Burn

The previously reduced cash burn has been maintained at A\$1.6M for the quarter ahead of sales ramping through CY21

COVID Response

The short term impact of COVID-19 has been overcome by the evolution of the business model and continued virtual engagement with both patients and customers

Revenue Uplift: Q1FY21

H1 FY21 booked revenue **up 192% on pcp to A\$550k and cash receipts from customers up 109% to A\$415k**, despite COVID-19 driven interruptions

Cash and funding

Cash of A\$4.8 million as at 31 Dec 2020, providing a further three quarters of funding at the current burn rate with further revenue growth expected through CY2021

Strategic focus FY2021



Relaunching and launching additional LIL sites along with expansion of the telehealth/homecare extension



Maximising device sales from LIL sites, reducing lead times to revenue and driving to contracted quotas



Continue contract negotiations for additional LIL sites and implementation of first national LIL agreement in the US



Cost control combined with revenue build to increase cashflow from operations



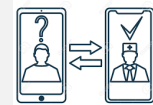
Reduction of COGS targeting gross profit margins of ~80% on device sales



510k FDA approval for ExVent in the US



Launch 'LIL' program in other markets with strategic partners



Ramp up virtual 'LIL' model with national partners such as VGM and scale up direct-to-consumer model

Oventus Medical Board of Directors



SUE MACLEMAN
Chair and
Non-Executive Director

Sue has more than 30 years' experience as a pharmaceutical, biotechnology and medical technology executive having held senior roles in corporate, medical, commercial and business development.



DR MEL BRIDGES
Non-Executive
Director

Over 35 years' experience founding and building international life science, diagnostic and medical device companies and commercialising a wide range of Australian technology.



PAUL MOLLOY
Non-Executive
Director

Based in Southern California, Paul has considerable global and US medical device industry expertise, with twenty-five years' experience leading a range of public, private and venture capital funded healthcare companies. He is currently President and CEO of ClearFlow Inc., a US-based medical device company.



DR CHRIS HART
Founder
and CEO

As the inventor of the O2Vent technology, Chris is overseeing the launch of the O2Vent to patients and through clinicians via dentists and the 'Lab in Lab' model. Chris has relocated to the US to assist with roll-out of the Oventus Sleep Treatment Platform.



JAKE NUNN
Non-Executive Director

California based, Jake has more than 25 years' experience in the life science industry as an investor, independent director, research analyst and investment banker. Jake is currently a venture advisor at New Enterprise Associates (NEA).



STEVE DENARO
Company
Secretary

Experienced Company Secretary and Chief Financial Officer of various public companies and with major chartered accountancy firms in Australia and the UK.

Experience in the health and medical industries and early stage companies



"The O2Vent Optima has made such a difference to my quality of sleep and I no longer wake in the night with that 'drowning feeling'.

It channels air to the back of my throat allowing me to breathe easily and sleep through the night.

I now wake more refreshed and can concentrate better during the day without feeling drowsy."

Sarah Atkins

Corporate overview, ASX: OVN



Overview

Cash on hand 31 December 2020	A\$4,833,000
Revenue H1 FY21 (up 192% on pc)	A\$550,232
Customer receipts H1 FY21 (up 109% on pc)	A\$415,000

Capital structure (as at 16 Feb 2021)

Shares on issue	158.26m
Options	29.43m
Share price (16 February 2021)	A\$0.22
Market Cap (16 February 2021)	A\$34.8m

Shareholders (as at 16 Feb 2021)

Dr Chris Hart	16.8%
Other directors and founders	7.5%
Other top 20 shareholders	32.0%
Remaining shareholders	43.7%

ASX: OVN | share price history



Investment highlights



- Patented solution to Obstructive Sleep Apnea – demonstrated to assist up to 80% of OSA patients
- High 50 – 60% failure rate of CPAP is driving patients toward better solutions
- Commercialisation of the patented Oventus oral device for Obstructive Sleep Apnea is accelerating
- Revenues grew 192% in H1 FY21 on pcp to \$550k
- The Oventus business model is now proven for both Lab-in-lab and telehealth delivery:
 - 68 sites has contracted to the Lab-in-lab model with a revenue pipeline of A\$13.8 million
 - Device sales grew 143% to 350 units in Q2 FY21 vs pcp
 - Telehealth consults grew 40% QoQ in Q2FY21 and tightly correlated to future device sales
- Growth to strengthen further as distribution agreement with 2,500+ member group VGM launches
- Early signs of improvement in patient flows as COVID-19 impact subsides
- Significant financial leverage – management is confident in building a \$100m ++ revenue business over time



Dr Chris Hart

Founder & CEO

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