

31 August 2022

ASX Release

Oventus Medical Ltd
(Administrators appointed)
ACN 608 393 282 ('Company' or 'Oventus')

Market update

We refer to the appointment of Michael McCann and Graham Killer of Grant Thornton as Administrators of Oventus and its Australian registered subsidiaries, Oventus Manufacturing Pty Ltd and Oventus CRM Pty Ltd, on 14 June 2022 (**Administrators**).

The Administrators provide the following update to the market.

Operations

The Administrators have reduced cost outlays and focused on preserving the value of the key assets of Oventus and its subsidiaries (**Oventus Group**) (namely its intellectual property and goodwill) and operational infrastructure. Five key staff have been retained in Australia to maintain the core operations of the Oventus Group.

In light of developing a recapitalisation strategy, the Administrators have undertaken a review of the trading arrangements of the Oventus Group and are taking active steps to adjust these arrangements, including the re-negotiation of key trading contracts. This is being pursued in order to better streamline the Oventus Group's workflow and improve the gross margin of the Oventus products in the future.

Steps have also been taken to reduce the operational costs throughout the wider Oventus Group (including the US registered subsidiaries), again with the view to supporting future trading arrangements. In particular:

- certain functions which were previously carried out in-house by the Oventus Group are to be outsourced to third parties who can perform the same function at a lower cost;
- leases for underutilised premises have been terminated in Australia and the US, and operations in Canada have been scaled back; and
- the Group's CFO and CEO, who were both based in the US, have exited the Oventus Group and management of the Oventus Group has been returned to Australia.

Further commentary regarding proposed management and board changes is detailed below.

The Administrators also wish to highlight that the ExVent clinical trial studies in the US and Canada continue to be progressed. A further update on these studies will be provided in due course.

Recapitalisation strategy

The Administrators are continuing to work on a recapitalisation strategy with the aim of returning value to shareholders. It is envisaged that a capital raise will occur concurrently with a Deed of Company Arrangement to also facilitate a return to creditors.

In the next few weeks, the Administrators anticipate receiving details of the conditions the ASX will require that Oventus satisfy in order for Oventus to be reinstated to trading on the ASX (**Reinstatement Conditions**). Once received, the Administrators will update the market of the Reinstatement Conditions.

The Reinstatement Conditions will include, amongst others, the requirement that all outstanding financial reports and the Appendix 4E, Quarterly Activities Report and the Appendix 4C are released to the ASX.

In order to fund ongoing trading and the costs associated with implementing the recapitalisation strategy, Oventus has now entered into three convertible loan agreements, borrowing funds totalling \$300,000 (**Convertible Loans**). Details of the Convertible Loans are contained in the Appendix 3B lodged on 25 August 2022 and the Appendix 3G lodged on 26 August 2022. It is anticipated that a further Convertible Loan for \$100,000 will be entered into within the coming days and an Appendix 3B and Appendix 3G will be lodged on the ASX in due course.

Management & Board of Directors

Together with the recapitalisation process it is proposed to restructure the management of Oventus to take the business forward following completion of the Voluntary Administration. As part of this restructure, a new board of directors is currently being considered. Details of the proposed board will be released once the composition of the proposed board is settled.

Appendix 4E (Preliminary Financial Report)

The lodgement on the ASX of the Appendix 4E (Preliminary Financial Report) for the financial year ended 30 June 2022 will be delayed to allow the Administrators sufficient time to finalise their review. It is anticipated that the Appendix 4E (Preliminary Financial Report) will be lodged with the ASX on or before 30 September 2022.

Shareholder Questions

For further information in relation to the external administration of Oventus or the information set out above, the contact details of the Administrators are given below:

Email: Oventus@au.gt.com

ENDS –

This announcement has been approved for lodgement by the Administrators.

While Oventus remains admitted to the ASX, the Administrators will continue to provide updates to shareholders over the course of the administration by way of announcements to the ASX.

