

ASX Release

Oventus Medical 2017 Annual General Meeting Chairman's Address

BRISBANE, 17 November 2017: Oventus Medical Ltd (ASX: OVN) is pleased to announce the following Chairman's Address being presented at today's Annual General Meeting.

Chairman's Address:

I will now present the Chairman's address.

Before moving on to the resolutions, I would like to take a moment to reflect on a year that has seen your Company make a successful ASX debut and deliver on a number of significant commercial milestones. My fellow directors, Neil Anderson and Chris Hart will present in detail on our year in review, but I'd like to cover quickly the patient demand for our products and call out a few achievements, which I see as key to driving forward the success of Oventus.

Sleep disorders are a large and often undiagnosed problem across the globe. Recent figures indicate that sleep apnoea affects around 34% of men and 17%¹ of women. In the USA alone, there were estimated to be 22 million sleep apnoea sufferers in 2015. The global market is expected to be worth about US\$5.61 billion by 2020 and that is acknowledging that only 20% of sufferers are currently in care.

Why? Because patients find it difficult to tolerate the existing gold standard of care, called CPAP, or Continuous Positive Airway Pressure, and aren't necessarily getting the relief they would like from other oral devices or the CPAP devices themselves which are on the market.

On average, these numbers are growing by a 15-20% compound annual growth rate, making the market opportunity to assist patients enormous.

Our technology is unique in what is already a large and lucrative market with just 20% of patients in care. Our O₂Vent oral appliances are the only technology on the market that address resistance and blockages (or obstructions) at all levels of the nose and throat (or airway) to enhance airflow and, as a solution that is well tolerated by patients, improve treatment outcomes. As such, our O₂Vent oral appliance devices are quite distinct from our competitors in this large and lucrative field.

The O₂Vent range incorporates Oventus' proprietary airway technology which allows patients to breathe through the device airway in the mouth while the mouth is closed, delivering air from the front of the mouth via an opening to the back of the tongue via a channel while also bringing forward the lower jaw to create space in the throat area. It's important to know that sleeping with an open mouth and open jaw pushes the tongue backwards creating breathing obstruction to the throat. The

¹ Peppard PE, Young T, Barnet JH, Palta M, Hagen EW, Hla KM. Increased prevalence of sleep-disordered breathing in adults. American Journal of Epidemiology 2013; 177:1006-14

appliance acts like a second nose and reduces negative pressure swings between nasal and mouth breathing and addresses multiple levels of obstruction while breathing.

The O₂Vent is unlike other oral appliances which only bring the lower jaw forward and deal with tongue based obstructions. I use the expression “it’s all about the airway”.

Additionally the O₂Vent treatment platform is being adapted using as a mask-less and ultralow pressure CPAP interface, making CPAP treatment more tolerable for those that require it. In end result, sufferers of severe sleep apnoea would have the option to combine our oral device with an Oventus CPAP mask-less interface.

The O₂Vent is a patient-friendly solution which can deliver immediate relief to patients. For many of our patients who have struggled for years to find an acceptable and tolerable treatment, the O₂Vent appliances have been life changing.

Supported by this macro environment, no doubt, the jewel in the crown of FY17 was the distribution agreement that Oventus announced in June this year with the Modern Dental Group to sell our product through their dental sales channels. The other channel we will sell through is the sleep clinician channel – I’ll say more about that later.

Modern Dental, or Modern, for short, is a well-established Hong Kong listed entity, with a valuation of over \$2 billion. Modern is the world’s largest distributor of dental prosthetics, with access into 34,000 dental labs in the US, and a top three position in all major countries across Europe and Australia.

Perhaps most exciting for Oventus is the fact that Modern has said that our range of O₂Vent oral appliances for sleep apnoea is the only premium range that they will distribute in the United States, the world’s biggest dental market.

The announcement of this agreement followed a period of close review, where Modern performed due diligence on our product range. Through the review, they considered our growing body of clinical evidence and the results that patients were reporting. They considered their ability to make an impact on our manufacturing process, and we were also able to announce that Oventus would outsource one of our 3D printing processes to Modern. This manufacturing agreement will enable us to turn around product faster at scale, using Modern’s Asian manufacturing hub and well established global distribution channel.

We are working in close collaboration with Modern to prepare them to commence their sales efforts, kicking off in the United States. The past few months have seen Oventus train the Modern Dental team, empowering them to sell our products. We have also developed a suite of sales and marketing assets which are undergoing roll-out.

We believe we have the right partner to bring our product to market and in fact, I don’t think we could have found a better partner to work with. Modern are excited as we are and it’s been encouraging to see the way the team has come together to prepare for distribution.

The market opportunity for Oventus' O₂Vent range is massive and with the combination of our technology and Modern's reach, manufacturing capability and customer base, we can bring a new, less invasive sleep apnoea and anti-snoring device to sufferers who haven't been able to tolerate the CPAP technology and to those who are not yet in care.

Of course, agreements like this wouldn't be possible without regulatory approvals or clinical results, so I will quickly touch on those before I leave Chris and Neil to cover the year in more detail.

An important milestone was met immediately after the financial year end when the USA FDA cleared our O₂Vent winged device for sale and marketing approval in the US market. This device is also listed in Australia on the Australian Register of Therapeutic Goods. We now have three product registrations, enabling us to market a range of devices to suit patient preferences - all with Oventus' proprietary airway technology. This is personalised medicine at its best.

Building on our sales efforts with Modern in the dental channel is the sleep clinician channel. We will undertake sales and marketing with sleep clinicians through channel partnerships and potential partners are currently being evaluated. While our O₂Vent range of oral devices will be sold through this channel, perhaps most importantly, patients diagnosed with severe sleep apnoea will be able to access our proprietary mask-less ultra-low pressure CPAP interface via sleep clinicians. When the O₂Vent device and CPAP interface is combined, patients will receive a level of care and comfort which was never before available. This extended product range will become available in 2018.

Oventus' airway technology is enabling us to address the main reasons why more than 50% of patients fall out of care in the first year of treatment. That is, we are addressing pressure and mask related issues experienced with current CPAP interfaces and the addition of Oventus' airway technology into oral appliances is making oral appliance therapy more effective.

The addition of the sleep channel increases our addressable market from US\$300 Million to US\$3.9 billion. Our growing body of clinical evidence and deep IP protection gives Oventus significant competitive advantage, enabling us to address an estimated 50% of these markets.

We continue to build clinical evidence to validate our O₂Vent device and CPAP interface. A number of studies are ongoing and we expect to release results later this year and early next year. Importantly, we've now reported data on 50 patients across our clinical trials, with consistent results across the trial groups where we were able to show a significant reduction of sleep events, whereby sleep is disrupted because of the breathing airway collapsing temporarily. Several of the world's most prominent sleep clinicians have expressed their excitement towards the trial data.

It is an exciting time to be an Oventus shareholder. We have a clear path to commercialisation sketched out ahead of us. The Modern agreement, while early now, will be a key lynchpin for us to drive sales into the dental channel. The mask-less CPAP interface device, for those with severe sleep apnoea, backed by clinical data, will be key to our efforts to move into the sleep channel, expanding our current market significantly. A number of further product innovations are also nearing completion including an O₂Vent trial device which will allow patients to step into our product range at a lower price point.

I'd like to thank shareholders for coming along for the ride. It is never easy moving through the ASX listing process, but with your support, we navigated the transition to a listed company with success.

Finally, thanks must go to the Board and Management of Oventus who really have been working tirelessly to drive commercial outcomes.

We all look forward to updating you in the year ahead while we continue along our path to changing treatments and changing lives for the patients we serve.

—ENDS—

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About Oventus

Oventus is a Brisbane based medical device company that is commercialising a suite of oral appliances for the treatment of sleep apnoea and snoring. Unlike other oral appliances, the Oventus devices have a unique and patented airway within the device that delivers air to the back of the mouth bypassing multiple obstructions from the nose, soft palate and tongue. They are particularly designed for the many people that have nasal obstructions and consequently tend to mainly breathe through their mouth. While it may seem counterintuitive, the device actually prevents oral breathing. The O₂Vent is designed to allow nasal breathing when the nose is unobstructed, but when obstruction is present, breathing is supplemented via the airways in the appliance.

A clinical study completed earlier this year showed the company's first generation product, the O₂Vent Mono™, is successful in treating Obstructive Sleep Apnoea (OSA) and that snoring was either eliminated or significantly reduced to 100 per cent of patients. The positive results included those people who had nasal obstructions and mainly breathed through their mouths, including when they were asleep. It also improves oxygen levels for patients.

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 apnoea.¹

Continuous positive airway pressure (CPAP) is the most definitive medical therapy for obstructive sleep apnoea, however many patients have difficulty tolerating CPAP². Oral appliances have emerged as an alternative to CPAP for obstructive sleep apnoea treatment.³

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.*