

*ASX release*

## **Appendix 4C – Quarter Ended 30 June 2017**

### **Key Highlights:**

- **Global manufacturing and distribution agreements signed with the world's largest dental prosthetic provider, Modern Dental Group.**
- **US 510k FDA clearance for the O2Vent W, the winged device incorporating Oventus innovative airway technology.**
- **\$7.0 million raised in successful \$0.36 per share initial placement.**
- **Funds will be used to execute distribution plan with Modern Dental, complete clinical trials currently in progress and finalise development of products for the sleep clinician channel.**
- **Significant clinical progress made in the integration of Oventus' proprietary airway technology in the O<sub>2</sub>Vent with a positive airway pressure connection.**
- **Prudent management of spend to execute company strategy will continue.**

Brisbane, Australia 31 July 2017: Australian medical device company, Oventus Medical Ltd. (OVN:ASX) has today released its Appendix 4C – Quarterly cash flow report for the period ended 30 June 2017.

The company's cash position as of 30 June 2017 was \$8.6 million, following the successful completion of a capital raise of \$6.5 million via an initial placement at \$0.36 per share with up to a further \$0.5 million subject to shareholder approval. Additional funds are being raised via a shareholder purchase plan.

The capital raised, along with the operational and regulatory achievements during the quarter, will enable Oventus to continue to execute its strategy to commercialise its proprietary airway technology.

The milestones delivered during the quarter, which include the global distribution and manufacturing agreements with Modern Dental, and expansion of the product base with the FDA clearance of the O<sub>2</sub>Vent W Winged device, are integral to the company's growth plans.

The company's global distribution agreement with Hong Kong Stock Exchange listed, Modern Dental Group (HKG:3600), provides access to one of the world's largest dental prosthetic device provider with over 70 sales and customer service centres covering North America, Europe, Australia, and the Greater China regions.

Oventus and Modern Dental will work together on marketing and sales of the Oventus devices, via the Modern Dental network. Modern Dental has exclusive rights in the US, and non-exclusive distribution rights in the rest of the world. The two companies have also entered into a co-manufacturing agreement.

“We are very pleased to have Modern Dental as our go to market partner and exclusive distributor in the US. Modern Dental has market leading positions in Europe and Australia, and a very strong presence in the US, servicing a quarter of all dentists, via its laboratory business Microdental.”

“The manufacturing agreement with Modern Dental is also important, as it will enable us to scale up manufacturing for a global market, at a lower cost. Over the next few months we will be working closely with Modern Dental to put in place the systems, training and marketing to ready us to begin ramping up sales from the October quarter, with the US as the main area of focus initially.” said Neil Anderson, CEO of Oventus.

“Management is also looking very closely at cash burn, and we are very focused on areas where we can reduce spend without hampering the ability to ramp up sales, over the course of 2018.”

Oventus will enter the US market with two of the most important popular mandibular advancement mechanisms integrated with the airway technology available for sale in the US, following receipt of FDA clearance US FDA 510k clearance for the O<sub>2</sub>Vent W, the winged device incorporating Oventus innovative airway technology, in July.

### **Clinical Trial Program**

Significant progress has been made by Oventus in the execution of its clinical trial program to advance the validation of its proprietary airway technology in its appliance line, including:

- A peer reviewed article on the O<sub>2</sub>Vent Mono has been accepted for publication by the Journal of Dental Sleep Medicine.
- The Brisbane clinical trial assessing the value of mandibular advancement with the Oventus airway technology is fully recruited.
- The Perth clinical trial examining the physiological effect of the Oventus airway is now underway.

The results from these clinical studies are expected by the end of the 2017 calendar year.

Additionally, Oventus presented encouraging results of its pilot study into the physiological effects of O<sub>2</sub>Vent T on pharyngeal pressure swings which cause the airway to collapse of obstructive sleep apnoea, to the American Academy of Dental Sleep Medicine in Boston.

**-ENDS-**

For more information please contact:

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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 O<sub>2</sub>Vent 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.

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.<sup>1</sup>

Continuous positive airway pressure (CPAP) is the most definitive medical therapy for obstructive sleep apnoea, OSA, however many patients have difficulty tolerating CPAP<sup>2</sup>. Oral appliances have emerged as an alternative to CPAP for obstructive sleep apnoea treatment.<sup>3</sup>

<sup>1</sup> *Deloitte Access Economics. Reawakening Australia: the economic cost of sleep disorders in Australia, 2010. Canberra, Australia.*

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

<sup>3</sup> *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<sup>th</sup> June 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	68	405
1.2 Payments for		
(a) research and development	(932)	(2,261)
(b) product manufacturing and operating costs	(95)	(768)
(c) advertising and marketing	(224)	(627)
(d) leased assets	-	-
(e) staff costs	(583)	(2,517)
(f) administration and corporate costs	(707)	(2,188)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	86
1.5 Interest and other costs of finance paid	-	(10)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	234	691
1.8 Other (provide details if material)	(59)	(62)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,287)</b>	<b>(7,251)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(36)	(282)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
(d) intellectual property	(64)	(192)
(e) other non-current assets	(161)	(371)
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(261)</b>	<b>(845)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	6,480	18,480
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	(324)	(1,096)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(762)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	6	(24)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>6,162</b>	<b>16,598</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	5,049	161
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,287)	(7,251)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(261)	(845)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	6,162	16,598

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>8,663</b>	<b>8,663</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	8,663	5,049
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>8,663</b>	<b>5,049</b>

**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

<b>Current quarter \$A'000</b>
42
-

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

<b>Current quarter \$A'000</b>
-
-

N/A

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

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.

N/A

**9. Estimated cash outflows for next quarter**

**\$A'000**

9.1	Research and development	(1,124)
9.2	Product manufacturing and operating costs	(129)
9.3	Advertising and marketing	(187)
9.4	Leased assets	-
9.5	Staff costs	(527)
9.6	Administration and corporate costs	(389)
9.7	Intellectual property and equipment	(38)
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>(2,394)</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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)

Date: 31 July 2017

Print name: Mel Bridges

**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.