

ASX Release

Oventus Quarterly Business Review – Q4 FY2018

Highlights

- **Cost reduction program continues with transitional activities well underway to transform Oventus from being a predominantly R&D focussed company to a sales oriented company; spend reduction expected to kick in during calendar Q4 2018**
- **Strong clinical trial results further validate ‘Oventus Airway Technology’ with the Oventus’ personalised treatment platform tested on an additional 45 patients (total 95 patients trialled to date across 4 studies) suffering from Obstructive Sleep Apnoea; further clinical trial results to be released in the current quarter**
- **New clinical data shows that over three quarters of patients may be able to be successfully treated without the need for CPAP**
- **Oventus’ ‘Sleep Treatment Platform’ continues to evolve with the launch of more effective and user friendly variations and extensions of the product range over the next six months**
- **Focus on building Oventus USA team continues with several key appointments during the quarter. USA team undertaking marketing and educational activities targeted at driving adoption of ‘Oventus Airway Technology’ with sleep clinicians**
- **Oventus remains in a strong cash position with \$9.90m as at 30 June 2018**

Brisbane, Australia 24 July 2018: Oventus Medical Ltd (ASX: OVN) (Oventus, the Company) announces its Appendix 4C Report for the three-month period ending 30 June 2018 (Q4 FY2018) and is pleased to provide a review of progress made during the quarter.

Quarterly sales

Receipts from customers totalled \$79,000 in the June quarter (Q4 FY2018), compared to \$101,881 in the March 2018 quarter (Q3 FY2018).

During the reporting period, work continued to build Oventus’ two main sales channels; with dentists through ‘the dental channel’ (predominantly through our agreement with Modern Dental) and with sleep physicians through ‘the sleep channel’. To help drive referrals through both channels, Oventus is focussed on stakeholder education and generating clinical data.

Sales volumes are yet to accelerate since launching with Modern Dental in early CY18 due to long lead times on treatment uptake and the additional education typically required when launching a new treatment modality. To this end Modern has also been investing heavily in education for the dental channel.

In the sleep channel, Oventus is focussed on the generation of clinical data and education of stakeholders to drive referrals for Oventus Airway Technology. The investment in the sleep channel is being spear-headed by a newly formed, but very experienced and well credentialed US sales team.

Early feedback from the sleep community has been exceptional and the Company remains very positive that sales will build in the second half of CY18.

Founder and Clinical Director, Dr Chris Hart commented, “The Oventus treatment platform and the clinical trial data to support its adoption has undergone a rapid evolution over the last two years.

Historically we have been viewed by dentists, the sleep profession and the market as another sleep apnoea mouthguard company selling into a very competitive oral appliance market. However, with the product development undertaken and supporting clinical trial data being generated, in combination with access to existing reimbursement codes and a clear regulatory pathway, Oventus is now emerging as an airway management company.

With strong interest in our ‘Sleep Treatment Platform’ and continued adoption across dental and sleep channels, we should start to see increasing revenues in future quarters.”

Operational staff appointments

Oventus continued to build out its operational, sales and marketing capability in North America to support the implementation of the Modern Dental distribution arrangement and the introduction of products into the Sleep channel.

Peggy Powers, Clinical Educator, North America joined the team during the quarter. Peggy will support expansion through developing and running comprehensive training programs. She joins Robin Randolph, Vice President, Marketing and Operations and Greg Eaton, Vice President Sales, who were both appointed earlier in the year. Importantly the team has long standing relationships through prior roles in industry.

Dental channel update

Product roll out with Modern Dental

Australia: Following the launch by Southern Cross Dental in late 2017, there has been increased focus on training dentists. This includes three target groups:

1. Dentists that don’t currently incorporate Dental Sleep Medicine into their practice – raising awareness on how screening for sleep disorders can expand their practice offering and profitability.
2. Dentists already delivering mandibular advancement devices (MADs) – explaining how ‘Oventus Airway Technology’ can be tailored to patients to improve treatment outcomes.
3. Advanced Sleep Dentists that have the ability to incorporate combination therapy into clinical practice

Dentist training and education partnerships

- Oventus is bringing Dr Leopoldo Correa to Australia in August to provide training on Dental Sleep Medicine and OSA. Dr Correa is an Associate Professor and Director of the Dental Sleep Medicine Fellowship Program at Tufts University School of Dental Sleep Medicine, Boston. This training is

set to coincide with the launch of Oventus's Optima product range and the first of its PEEP valve products, named Oventus ExVent

- Oventus has been developing a *Sleep Program* in partnership with Australian Medical Home Sleep Testing (AMHST) to assist dentists with the screening, diagnosis and treatment of patients suffering OSA. The program will launch in August and include screening for increased nasal resistance, which is a key clinical indication for prescribing 'Oventus Airway Technology' as part of a patient's oral appliance therapy
- Oventus recently secured prominent dental-sleep educational course relationships with National Sleep Alliance and DreamSleep, both of which will offer comprehensive training and incentives to Modern dentists.

USA: Oventus continues to implement its distributor strategy, with a dental channel training program being rolled out in conjunction with Modern Dental.

Smile Source Exchange conference

In early May, Dr Chris Hart presented by invitation at a Smile Source Exchange conference in Anaheim, California. Smile Source supports a network of 500 dental clinics across the US and offers a range of member-based training initiatives. This work was conducted in combination with efforts to on-board larger groups of sleep physicians and sleep labs.

Sleep channel update

Australia:

Following the release of clinical evidence, sleep specialists have indicated a willingness to adopt and recommend 'Oventus Airway Technology' as a treatment for obstructive sleep apnoea (OSA) when continuous positive airway pressure (CPAP) treatment fails. The development of the new PEEP technology "ExVent" and "ONEPAP" and the clinical trial data being generated at Neuroscience Research Australia (NeuRA) by Prof Danny Eckert and his team, is showing that this extension of 'Oventus Airway Technology' may be able to treat over half of patients that have previously failed both CPAP therapy and oral appliance therapy, increasing the reach of 'Oventus Airway Technology' to successfully treating more than three quarters of patients with-out the need for CPAP.

USA: In recent months, Robin Randolph and Greg Eaton from Oventus USA have met or forged relationships with a range of prominent US Sleep networks.

The recent American Academy of Dental Sleep Medicine (AADSM) and SLEEP 2018 exhibitions in Baltimore in June provided excellent opportunities to network with key executives whilst raising awareness with the wider dental and sleep community.

Dr Chris Hart will be undertaking activities in the USA later in the current quarter, presenting to sleep physicians the benefits of Oventus' personalised 'Sleep Treatment Platform' and onboarding them with the technology.

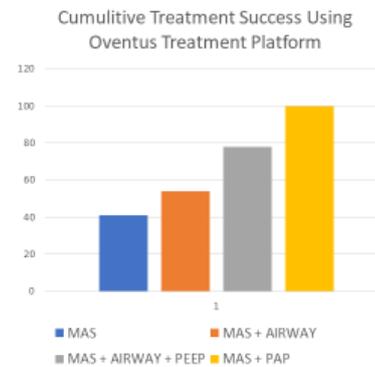
Product development

As a result of the launch of a number of new appliances over the coming six months that all incorporate ‘Oventus Airway Technology’, Oventus will be able to treat an increasing number patients suffering from obstructive sleep apnoea with minimal intervention, offering a viable CPAP alternative. The Oventus ‘Sleep Treatment Platform’ offering will enable a personalised patient-centric approach to sleep medicine.

An overview of appliances in the Oventus ‘Sleep Treatment Platform’ and their relative efficacy based on clinical trial results is shown below.

Our Sleep Treatment Platform is personalising sleep medicine More patients achieving success* with minimal intervention

MAS	O ₂ Vent	O ₂ Vent + PEEP (ExVent or ONEPAP)	O ₂ Vent + CPAP
Mandibular advancement splints			
41% ¹ of patients treated successfully	54% ¹ of patients treated successfully	78% ² of patients treated successfully	100% ³ of patients treated successfully



1. Karen McCloy, Damian Lavery, Julia Mottavatos. 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. Victor Lai, Benjamin Tong, Carolin Tran, Andrea Ricciardiello, Michelle Donegan, Nicholas Murray, Jayne Garberry and Danny Eckert Combination therapy with mandibular advancement and expiratory positive airway pressure valves reduces OSA severity. Abstract Submitted ASA Brisbane 2018
 3. Amatory J, Tong B, Nguyen C, Szolozsi J, Eckert DJ THE ROLE OF A NOVEL ORAL APPLIANCE THERAPY DEVICE ON PHARYNGEAL PRESSURE SWINGS AND CPAP REQUIREMENTS DURING SLEEP IN OBSTRUCTIVE SLEEP APNEA: A PILOT STUDY. Abstract Supplement ADSM Boston 2017
 * Traditional Jaw Advancement mouth guard * AHI < 10 and 50% reduction

Product development has been guided by clinical trial results and market feedback on the existing range of devices.

The titanium O₂Vent™ appliance range currently on the market has continued to evolve to make the devices lower profile and more ergonomic as well as being compatible with the newly developed Oventus ExVent and ONEPAP devices.

The O₂Vent™ Optima bespoke nylon devices are ultralight weight and much lower cost to produce than the titanium O₂Vent™ appliances. These products remain on schedule for launch in the 4th quarter of calendar 2018 and will be backed up by six clinical trial data sets being presented at the European Respiratory Society Congress in Paris this September and the Australasian Sleep Association’s Sleep Down under in Brisbane in October.

Alongside the O₂Vent™ nylon appliance range, Oventus will soon launch the ExVent positive end expiratory pressure (PEEP) valve. The ExVent integrates into the ‘duckbill’ in the airway of the O₂Vent™ oral appliances, further enhancing efficacy for a number of patients. This device accessory controls exhalation for patients utilising the Oventus’ O₂Vent™ airway, generating positive air pressure on exhalation, creating a micro CPAP-type effect.

The O₂Vent™ ONEPAP appliance (incorporating a titratable PEEP valve and nasal pillows) is on track for launch in early 2019. This appliance is designed for patients with more severe sleep apnoea and is undergoing trials as part of the NeuRA study. ONEPAP is possibly the most exciting extension of Oventus Airway Technology and in fact has the potential to elevate the efficacy of oral appliance therapy to that of CPAP for many patients.

Clinical trial results

Very positive clinical data covering an additional 45 patients in clinical trials was released during the quarter from two studies; OVEN-005 'Sydney NeuRA' trial and the OVEN-003 'Brisbane' trial.

Click [here](#) view the 'Sydney' clinical trial result announcements.

Brisbane study

Final results were announced for a randomised, crossover clinical trial in Brisbane examining the treatment outcomes of oral appliance therapy with and without 'Oventus Airway Technology' in a group of 32 patients suffering from obstructive sleep apnoea.

Click [here](#) to view the 'Brisbane' clinical trial result announcement.

Summary of trial result findings

To date, data has been collected and analysed across 95 patients suffering from OSA over four clinical studies, all consistently showing strong clinical efficacy of the O₂Vent™ oral appliance, validating 'Oventus Airway Technology' for use in both oral appliances and as a CPAP interface. See the ASX announcements section of our website for reported data: <https://oventus.com.au/investors/asx-announcements/>.

Further results are expected in calendar Q4 2018 from the OVEN-004 'Perth' study covering 23 patients and the OVEN-005 Sydney NeuRA Study with a further 16 patients.

Cost reduction

Oventus is well progressed into a program of reducing R&D spend and diverting resources into sales channels while containing costs as part of a transition, moving from being a predominantly R&D focussed company to a sales oriented company.

The Company aims to further reduce operating overhead by reducing activities in its Melbourne office and by fully outsourcing manufacturing of its titanium O₂Vent™ appliance in a strategic move to become a virtual device manufacturer. This move will enable Oventus to focus on its core value proposition of driving innovation in airway management and the incorporation of its technology into existing workflows and channels.

Patent application approvals

Patent approval was received from the US Patent and Trade Mark Office, number US-10,010,444, and European Patent Office, number EP-2,709,572 in June. The approvals provide Oventus with protection

for its 'Airway Technology' incorporated into its O₂Vent™ oral appliances for the treatment of sleep apnoea and snoring. This newly approved patent sits within an existing family of patents previously approved and, importantly, provides Oventus with patent protection in its key target market of the US and Europe. Oventus already holds patent protection in Australia.

Cash position

As at 30 June 2018, the Company maintained a solid cash position of \$9.90m.

Upcoming events

Oventus will be taking part in the upcoming Sleep DownUnder 2018 conference in Brisbane from 17-20 October at the Brisbane Convention and Exhibition Centre, run by the Australasian Sleep Association (ASA).

Outlook

Looking forward, Oventus is well positioned to drive sales in this current second half of calendar 2018.

Oventus invites you to follow our progress via our website at www.oventus.com.au.

—ENDS—

For more information, please contact:

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About Oventus

Oventus Medical Limited (ASX: OVN) is a Brisbane, Australia, based medical device company that is commercialising a new '**Sleep Treatment Platform**' for the treatment of sleep apnoea and snoring. The Oventus platform enhances the treatment outcomes of both standard mouthguard-type oral appliance therapy (often used to treat mild to moderate sleep apnoea) and of Continuous Positive Airway Pressure (CPAP) therapy (often used to treat moderate to severe patients.)

Since the Oventus 'Sleep Treatment Platform' is generally well tolerated by patients, and incorporates a unique airway, which supports better breathing, it has been shown in clinical trials to have increased efficacy and provide greater adherence over the competing treatment options.

For more information on Oventus' Sleep Treatment Platform, please visit www.oventus.com.

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 JUNE 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	79	330
1.2 Payments for		
(a) research and development	(486)	(2,232)
(b) product manufacturing and operating costs	(174)	(716)
(c) advertising and marketing	(287)	(560)
(d) leased assets	-	-
(e) staff costs	(696)	(2,496)
(f) administration and corporate costs	(386)	(1,725)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	29	157
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	20	986
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,901)	(6,256)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(124)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property	(115)	(260)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	22	22
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(93)	(362)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	8,332
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	-	(466)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	7,866

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	11,889	8,647
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,901)	(6,256)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(93)	(362)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	7,866

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	9,895	9,895

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	9,895	11,889
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,895	11,889

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

Current quarter \$A'000
43
-

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

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(390)
9.2 Product manufacturing and operating costs	(184)
9.3 Advertising and marketing	(277)
9.4 Leased assets	
9.5 Staff costs	(832)
9.6 Administration and corporate costs	(297)
9.7 Other (provide details if material)	(170)
9.8 Total estimated cash outflows	(2,150)

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

Date: **24 July 2018**

Print name: **Neil Anderson**

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.