

## ASX Release

**OVENTUS QUARTERLY BUSINESS REVIEW Q4 FY21 - UPDATE**

- **Q4 FY21 cash receipts of \$321k, up 177% on the prior corresponding period (Q4 FY20: \$116k) and in line with prior quarter; and up 261% YoY for full year FY21 (unaudited)**
- **Booked revenue (device sales, consumables and service fees) of \$223k, up 214% over Q4 FY20 (\$71k), and down 30% over prior quarter (Q3 FY21: \$317k); and up 260% YoY for full year FY21 (unaudited)**
- **Telehealth bookings continue to grow strongly as a leading indicator for device sales with 507 consultations scheduled in Q4 FY21, up 635% vs pcp (Q4 FY20: 69 consultations scheduled) and up 25% vs Q3 FY21**
- **Blended customer acquisition cost down 34%, as a result of lower cost operating models in the virtual channel**
- **Restructure complete - team, product and channels in place to drive patient treatment**
- **Sales and unit growth expected to increase as virtual business models overtake traditional channels.**

Brisbane, Australia 30 July 2021: Obstructive Sleep Apnea (OSA) treatment innovator, Oventus Medical Ltd (ASX: OVN) is pleased to release its Appendix 4C and quarterly business activities review for the three-month period ended 30 June 2021 (Q4 FY21).

**Cash receipts steady despite COVID impacting key markets**

Q4 FY21 cash receipts were \$321k, up 177% on the prior corresponding period (Q3 FY20: \$116k), and roughly in line with the prior quarter. Cash receipts for full year FY21 (unaudited) were up 261% year on year.

Booked revenue (device sales, consumables and service fees) of \$223k was recorded, up 214% over Q4 FY20 and down 30% over the prior quarter (Q3 FY21: \$317k), with sporadic lockdowns in key markets continuing to affect the physical Lab in Lab business model and the recent

restructure having short term impact on sales growth. Booked revenue for full year FY21 (unaudited) was up 260% year on year.

The Company's cash balance was reinforced through the period via a capital raising, which comprised a placement and entitlement offer. Oventus' cash balance as at 30 June was \$9.2m. Cash outflows from operations for Q4 were \$2.5m, including one-off restructuring costs of \$0.5m.

### **Capital raise and restructure**

During the quarter Oventus completed a restructure to align with current market conditions and reduce overhead costs. The Company ceased all non-essential research and development, reduced headcount, reduced executive and board remuneration and restructured the sales and marketing team to allow for investment into direct to consumer marketing and omni-channel service through clinical partners. While this restructuring activity created one-off restructuring costs and impeded sales growth during the quarter, it has allowed for increased investment into customer acquisition and lower ongoing quarterly operating costs. As part of the restructure, John Cox joined the Oventus team as President and Chief Operating Officer with over 30 years of experience in the US MedTech sector, including directly relevant experience in Sleep and related technology marketing and operations. Prior to joining Oventus, John was President and CEO of Somnera, Inc, where he developed a cloud-connected alternative to CPAP and built out direct to consumer, customer engagement and channel partner programs. John is leading the revamp in digital channel marketing and back-end systems as well as preparing for manufacturing scale up.

### **Recall of Philips CPAP devices**

Leading medical equipment manufacturer, Philips Respironics' recent recall of an estimated 3-4 million CPAP devices has been classified as Class I (the most serious classification).

The most heavily affected appear to be the smaller CPAP therapy providers that are reliant on Philips for supply. Oventus has received increased interest in the virtual lab in lab program from these groups as an alternative therapy for when CPAP is not accessible and has designed an outreach program for the Company's channel partners to meet this need, however due to the

disruption to the industry in the short term, the Direct to Consumer program is currently the fastest and easiest way for patients to access Oventus O2Vent therapy in the face of a looming shortage of CPAP.

### **Telehealth bookings grow strongly as a leading indicator**

With the pandemic continuing to hamper footfall into both physical sleep facilities and dental groups, Oventus increased its focus on delivering treatment to patients through virtual channels during Q4 FY21.

Telehealth bookings - a leading indicator across all channels - were up 635% vs the prior corresponding period, and up 25% quarter on quarter (QoQ). Oventus had 507 telehealth bookings through the period.

On top of the Virtual Lab in Lab model, which had been launched earlier to enable sleep groups and durable medical equipment supplier partners to deliver Oventus' O2Vent sleep treatment platform to patients, Oventus launched its own Direct to Consumer (DTC) channel through Q4.

With experience growing in the DTC space, Oventus is finding its cost to acquire new patients decreasing. The Company's blended acquisition cost across all channels (physical Lab in Lab, Virtual Lab in Lab and Direct to Consumer) has decreased from \$830 per patient in Q1 FY21, to \$550 per patient in the current quarter, increasing margins per unit.

Oventus' CEO, Dr Chris Hart commented, *"The June quarter was an important one for Oventus. We significantly restructured the business, taking costs out and necessarily shifted further toward remote delivery of treatment to patients via our Virtual Lab in Lab and Direct to Consumer models.*

*With revenue and profit drivers in the virtual channel increasingly well understood, and with telehealth bookings - a leading indicator - up 25% between quarters, moving ahead we expect sales and overall profitability to increase as virtual business models overtake traditional channels."*

### **Lab in Lab and Virtual Lab in Lab update**

Of the sites contracted and launched under the Lab in Lab and Virtual Lab in Lab programs, 29 are currently operational, of which 7 are virtual.

While not considered material, in addition to the agreements signed through the quarter, there have been two more Virtual Lab in Lab agreements signed (yet to launch) with Medrano and Associates in New Mexico, covering a network of 40 primary care physicians, and with Sleep Solutions in Oklahoma, a DME distributor of CPAP with 7 physical locations and an online business model.

### Outlook

Oventus moves into FY22 with a focus on driving toward profitability.

Focus on the Direct to Consumer model will increase, while the Company targets accelerated revenue growth at increasingly lower blended customer acquisition costs across all channels.

For the traditional Lab in Lab model, where treatment is delivered in physical venues, the Company will focus only on select, higher yield targets to maximise potential for success and return on investment via this channel. In favour of this, the lower cost Virtual Lab in Lab program will be expanded, in collaboration with new and existing national partners.

The recent restructure and capital raise, looming CPAP shortage, reopening of key markets and the expansion of the virtual programs enabling patients to access therapy wherever they are on their journey puts Oventus in a strong position and the company looks forward to keeping investors updated on its progress.

—ENDS—

For further information, please visit our website at [www.o2vent.com](http://www.o2vent.com) or contact the individuals outlined below.

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**About Oventus – see more at [www.o2vent.com](http://www.o2vent.com)**

Oventus is a Brisbane-based medical device company that is commercialising a unique treatment platform for obstructive sleep apnea (OSA) and snoring. The Company has a collaborative Sleep Physician/Dental strategy that streamlines patients' access to treatment.

Unlike other oral appliances, O2Vent Optima devices manage the entire upper airway via a unique and patented built-in airway. O2Vent Optima devices allow for airflow to the back of the mouth while maintaining an oral seal and stable jaw position, avoiding multiple obstructions from the nose, soft palate and tongue. The devices reduce airway collapsibility and manage mouth breathing while keeping the airway stable.

O2Vent Optima devices are designed for any patient that is deemed appropriate for oral appliance therapy, but especially beneficial for the many people that suffer with nasal congestion, obstruction and mouth breathing. The O2Vent Optima allows nasal breathing when the nose is unobstructed, but when obstruction is present, breathing is supplemented via the airway integrated in the appliance.

The ExVent®[1] is a valve accessory that fits into the open airway of the O2Vent Optima device, to augment traditional oral appliance therapy by stabilizing the airway. The ExVent valve contains air vents that open fully on inhalation for unobstructed airflow. The valve closes on exhalation, directing the air through the vents, creating the mild resistance or airway support required to keep the airway stable (known as PEEP, positive end expiratory pressure).

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 apnea[2].

Continuous positive airway pressure (CPAP) is the most definitive medical therapy for obstructive sleep apnea, however many patients have difficulty tolerating CPAP[3]. Oral appliances have emerged as an alternative to CPAP for obstructive sleep apnea treatment[4]. The O2Vent Optima and ExVent provide a discreet and comfortable alternative to CPAP for the treatment of OSA.

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[1] Not yet cleared for sale in the US.

[2] Deloitte Access Economics. Reawakening Australia: the economic cost of sleep disorders in Australia, 2010. Canberra, Australia.

[3] Beecroft, et al. Oral continuous positive airway pressure for sleep apnea; effectiveness, patient preference, and adherence. Chest 124:2200–2208, 2003

[4] Sutherland, Kate, et al. "Oral appliance treatment for obstructive sleep apnea: an update." Journal of Clinical Sleep Medicine 10.2 (2014): 215-227.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

OVENTUS MEDICAL LIMITED

**ABN**

12 608 393 282

**Quarter ended ("current quarter")**

30 JUNE 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	321	1,055
1.2 Payments for		
(a) research and development	(61)	(318)
(b) product manufacturing and operating costs	(269)	(732)
(c) advertising and marketing	(223)	(924)
(d) leased assets	-	-
(e) staff costs	(1,744)	(5,333)
(f) administration and corporate costs	(541)	(1,953)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	37
1.5 Interest and other costs of finance paid	(6)	(19)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,047
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,522)</b>	<b>(7,140)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(200)
(d) investments	-	-
(e) intellectual property	(105)	(418)
(f) other non-current assets	(88)	(802)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(195)</b>	<b>(1,420)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	9,966	9,975
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(505)	(546)
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	Payments for leased assets	(52)	(202)
3.10	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>9,409</b>	<b>9,227</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,458	8,455
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,522)	(7,140)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(195)	(1,420)

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,409	9,227
4.5	Effect of movement in exchange rates on cash held	7	35
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>9,157</b>	<b>9,157</b>

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	9,157	2,458
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>9,157</b>	<b>2,458</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	65
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		




7. <b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,522)
8.2 Cash and cash equivalents at quarter end (item 4.6)	9,157
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	9,157
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	3.63
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

**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.

Date: 30 July 2021



Authorised by: .....

Dr. Chris Hart (Managing Director and CEO)  
(By the Board of Directors)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.