19 February 2018

SomnoMed Limited ACN 003 255 221 (ASX:SOM) – Letter to ineligible shareholders for the ACCELERATED NON-RENOUNCEABLE ENTITLEMENTS OFFER

Dear Shareholder,

SomnoMed Limited today announced an entitlement offer of approximately $10.4 million, through a 1 for 17 accelerated pro-rata non-renounceable entitlement offer of approximately 3,455,825 fully paid ordinary shares (Entitlement Offer).

The Entitlement Offer includes an institutional component (Institutional Entitlement Offer) and a retail component (Retail Entitlement Offer). Under the Institutional Entitlement Offer, eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from today Monday 19 February 2018 to Tuesday 20 February 2018. Eligible institutional shareholders may opt to take up all, part or none of their Entitlement.

The Retail Entitlement Offer will open on Monday 26 February 2018 and close on Thursday 15 March 2018. Eligible retail shareholders may opt to take up all, part or none of their Entitlement.

The Entitlement Offer is being made by SomnoMed without a disclosure document or product disclosure statement in accordance with section 708AA of the Corporations Act 2001 (Cth) (Corporations Act).

Shareholder approval is not required for SomnoMed to make the offer under the Entitlement Offer.

Eligibility of shareholders to participate in the Entitlement Offer

SomnoMed has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3) Corporations Act, that it would be unreasonable to make offers to shareholders in all countries other than Australia and New Zealand, in connection with the Retail Entitlement Offer.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) Corporations Act, this letter is to inform you that SomnoMed has determined that you are not an Eligible Shareholder and therefore are ineligible to apply for New Shares under the Entitlement Offer.

You are not required to do anything in response to this letter. The Entitlement Offer is only available to Eligible Shareholders.

An Eligible Shareholder means a holder of SomnoMed shares at 7.00 pm (Sydney time) on the 21st of February 2018 (Record Date) who, has a registered address in Australia or New Zealand or is a Shareholder that SomnoMed has otherwise determined is eligible to participate; and is eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

As you do not satisfy the criteria for eligibility, SomnoMed is unfortunately unable to extend the Entitlement Offer to you. New Shares equivalent to the number of New Shares you would have been entitled to if you were an Eligible Shareholder will be allocated as part of the shortfall at the Board's discretion or if not otherwise taken up in the bookbuild process placed by the Board to TDM Asset Management Pty Ltd to the extent that doing so would result in TDM or any of its affiliates breaching section 606 of the Corporations Act 2001 (Cth).

As the Entitlement Offer is non-renounceable, you will not receive any payment or value for these entitlements in respect of any New Shares that would have been offered to you if you were eligible.

Yours faithfully

Terry Flitcroft
Company Secretary
SomnoMed Limited

About SomnoMed

SomnoMed is a public company providing diagnostic and treatment solutions for Sleep-related Breathing Disorders including obstructive sleep apnea, snoring and bruxism. SomnoMed was commercialized on the basis of extensive clinical research. Supporting independent clinical research, continuous innovation and instituting medical manufacturing standards has resulted in SomnoDent® becoming the state-of-the-art and clinically proven medical oral appliance therapy for obstructive sleep apnea. SomnoDent® is the most comfortable and effective design and treatment solution for almost 400,000 patients in 28 countries. For additional information, visit SomnoMed at http://www.somnomed.com.au