



SOMNOMED LIMITED

ACN 003 255 221

Retail Entitlement Offer

Information Booklet

One (1) for seventeen (17) accelerated pro-rata non-renounceable entitlement offer
at \$3.00 per New Share

Lead Manager to the Issue

Wilsons Corporate Finance Limited ACN 057 547 323

Last date for acceptance and payment: 15 March 2018

If you are an Eligible Shareholder, this is an essential document requiring your immediate attention. It is encouraged that you read it in its entirety. If after reading this document you have any questions about the securities being offered for issue under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

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Retail Entitlement Offer Information Booklet

IMPORTANT NOTICES

This Information Booklet is dated 21 February 2018.

The Entitlement Offer is being made without a prospectus under section 708AA of the Corporations Act (as notionally modified by ASIC Class Order 08/35). This Information Booklet does not contain all of the information which a prospective investor may require to make an informed investment decision. The information in this Information Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Information Booklet is important and should be read in its entirety before deciding to participate in the Entitlement Offer. This Information Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC.

SomnoMed may make additional announcements after the date of this Information Booklet and throughout the period that the Entitlement Offer is open that may be relevant to your consideration about whether you should participate in the Entitlement Offer.

No party other than SomnoMed has authorised or caused the issue of this Information Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information Booklet.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Information Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Information Booklet.

No overseas offering

This Information Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. In particular, this Information Booklet does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Information Booklet is not to be distributed in, and no offer of New Shares is to be made in countries other than Australia and New Zealand except to the extent permitted below. The distribution of this Information Booklet (including an electronic copy) in other jurisdictions may be restricted by law and therefore persons who come into possession of this Information Booklet should seek advice on and observe these restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

No overseas offering (continued)

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction outside Australia or New Zealand.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for SomnoMed to lawfully receive your Application Monies.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing SomnoMed shareholders with registered addresses in New Zealand to whom the offer of these New Shares is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by a New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United States of America

This Information Booklet and the accompanying Entitlement and Acceptance Form does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The securities referred to in this Information Booklet and the accompanying Entitlement and Acceptance Form have not been and will not be registered under the United States Securities Act of 1933 (the 'US Securities Act'), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. The New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" in reliance on Regulation S under the US Securities Act. This document may not be distributed or released in the United States.

Nominee Restrictions

Nominees and custodians may not distribute any part of this Information Booklet and the accompanying Entitlement and Acceptance Form, and may not permit any beneficial shareholder to participate in the Offer, in any country outside Australia and New Zealand except, nominees or custodians may send documents related to the Retail Entitlement Offer to

beneficial shareholders who are institutional or professional investors in Hong Kong or Singapore to the extent (i) contemplated in the Investor Presentation under the section titled "Offer restrictions" and (ii) such institutional or professional investors were not invited to participate in the Institutional Entitlement Offer.

Definitions, currency and time

Defined terms used in this Information Booklet are contained in section 4. All references to currency are to Australian dollars and all references to time are to Sydney time, unless otherwise indicated.

Taxation

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares. SomnoMed considers that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares under this Information Booklet or the subsequent disposal of any New Shares. SomnoMed recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

Privacy

SomnoMed collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in SomnoMed.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to SomnoMed (directly or through the Share Registry). SomnoMed collects, holds and will use that information to assess your Application. SomnoMed collects your personal information to process and administer your shareholding in SomnoMed and to provide related services to you. SomnoMed may disclose your personal information for purposes related to your shareholding in SomnoMed, including to the Share Registry, SomnoMed's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that SomnoMed holds about you. To make a request for access to your personal information held by (or on behalf of) SomnoMed, please contact SomnoMed through the Share Registry.

Governing law

This Information Booklet, the Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the New South Wales courts and courts competent to hear appeals from those courts.

Past performance

Investors should note that SomnoMed's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) SomnoMed's future performance including SomnoMed's future financial position or share price performance.

Future performance

This Information Booklet contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of SomnoMed and certain plans and objectives of the management of SomnoMed. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither SomnoMed, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, those forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of SomnoMed. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Information Booklet in light of those disclosures.

Risks

Refer to the 'Risk factors' section of the Investor Presentation included in section 2 of this Information Booklet for a summary of specific risk factors that may affect SomnoMed.

No representations

No person is authorised to give any information or to make any representation in connection with the Retail Entitlement Offer which is not contained in this Information Booklet. Any information or representation in connection with the Retail Entitlement Offer not contained in the Information Booklet may not be relied upon as having been authorised by SomnoMed or any of its officers.



Dear SomnoMed Shareholder,

Enclosed is your invitation to participate in a pro-rata Entitlement Issue to fund the on-going roll-out of our network of Renew Sleep Solution (“RSS”) centres across the United States. We believe this roll-out will allow us to continue the rapid growth and expansion of our Company.

As noted within the Investor Presentation set out within this Offer Document, SomnoMed has achieved +33% year-on-year growth in its revenues in the 1st HY 2017/18 and +45% year on year growth for Q2 growth FY 17/18.

SomnoMed’s RSS business continues to deliver strong growth, with 12 centres opened in the past 12 months across the United States. Whilst the Company’s RSS business operations are still in their infancy and it is relatively early to draw final conclusions about the success of the RSS “Direct to Patient” concept, the Company’s first four RSS centres, which by the end of December 2017, had an average trading history of 10 months, continued to track in-line with management’s expectations and assumptions made within the SomnoMed May 2016 Investor Presentation.

Despite the short trading history of SomnoMed’s RSS centres, based on presentations from management and thorough analysis of the performance achieved to date with the current RSS centre portfolio, the Directors have concluded that the RSS concept is currently successful and should be continued to be rolled out across the United States. Whilst individual centres typically require nine months to break-even and the investment is higher than initially expected, the impact RSS has on the future size and profits of SomnoMed is potentially profound. Management expects that as the RSS concept continues to be successful, it will allow SomnoMed to grow quickly and become a substantial business over the next three years and beyond.

Based on the abovementioned analysis, the Directors have decided to support management’s request to raise additional capital, with the aim of operating a portfolio of 40 RSS centres across the United States by mid-2020.

We hope that you will be able to participate in the Entitlement Issue. In any event, we appreciate your ongoing support for SomnoMed and hope you will share our excitement about our Company’s future.

Yours sincerely,

Dr. Peter Neustadt
Chairman



Dear SomnoMed Shareholder,

SomnoMed Limited (“SomnoMed” or the “Company”) is offering you the opportunity to participate in an accelerated pro-rata non-renounceable entitlement offer of 1 new ordinary share in SomnoMed for every existing 17 shares held at an issue price of \$3.00 per share (“Entitlement Offer”). The funds raised from the Entitlement Offer will be approximately \$10.4 million, which will be utilised to provide working capital for the continued expansion of our RSS business, which is an exciting young business with significant growth potential.

Contained in this Information Booklet and below, you will find information on the overall strategy of SomnoMed as well as some discussion of our first half financial results with emphasis on how our RSS business is performing. Also provided is information on the Entitlement Offer.

Transforming from a COAT™ Medical Device company into an Integrated Sleep Solutions Business

The RSS business is an important new step on SomnoMed’s transformation to becoming an Integrated Sleep Solutions Business. Historically, SomnoMed has built its business by developing industry leading SomnoDent® oral devices and building the market for oral treatment of Obstructive Sleep Apnea (“OSA”). This has served us well and will continue to be a significant growth segment for SomnoMed as we demonstrate the effectiveness of this therapy and sell through conventional dental channels. Across the globe, oral therapy is an effective alternative to CPAP, with a lot of headroom for growth in what is a multi-billion dollar sleep apnea market. However, to accelerate growth, there has been a need to reach out directly to consumers to increase patient awareness of this therapy, as well as make the treatment simpler and more affordable. The RSS centres which are currently being rolled out in the United States, provide a consumer oriented solution. While the RSS centres currently focus on oral therapy, SomnoMed believes that the centres may eventually evolve into a more complete sleep solution centre in the future. Our RSS business is currently seen as an adjunct to our current business, as we aim to bring patients into treatment who have either failed CPAP therapy or have not currently been diagnosed with OSA.

2017/18 First Half Financial Results

The impact RSS is having on SomnoMed’s business is covered in detail within the Investor Presentation included in this Offer document. The Company’s revenues experienced strong growth in the first half of the current financial year, showing an increase of 33% compared to the previous year. This has been driven primarily by continued growth in our European business of 25% as well as our North American business, which experienced 48% growth (78% in Q2) in revenue.

In Europe, our more mature business in the Nordic and Benelux countries continues to grow, and emerging markets such as France are demonstrating strong growth.

In North America, we have seen strong growth which has been attributable to the emerging RSS business, which in Q2 was almost the same size, in terms of revenue, as the traditional SomnoMed core business segment. By comparison, SomnoMed’s RSS business segment over a period of one year has grown to be as large as the North American SomnoMed business, which required ten years’ worth of development. It is also important to note that the growth of SomnoMed’s RSS business has primarily been driven from revenues generated from the first four centres, as the other 8 centres have only been operational for a much shorter period. Also in North America, we have shown growth in our Managed Care business, but revenues in the traditional direct to dentist business saw a decline due to perceived channel conflicts. While this is a perceived rather than real conflict, it is expected to only affect our business in the short term. SomnoMed has taken various actions to re-build momentum in this channel.

While our revenue growth has been strong, our profitability was below what we envisaged. SomnoMed's core business generated an EBITDA of \$1m in the first half of the financial year 2017/18, excluding the investments made in RSS. RSS posted an EBITDA loss of \$4.4m in the first half, thus delivering a group EBITDA loss of \$3.4m. The RSS loss was greater than expected due to the slower than expected start up trajectory in the first six to nine months of a centre's operation and the fact that RSS had to invest in building some in-house "revenue cycle management" capabilities sooner than expected. However, our Company is encouraged by the performance of the first four RSS centres, which have now been in operation between nine to twelve months.

The first four centres produced positive results, with higher reimbursement levels than originally forecast. In addition, the centres treated more patients than expected and provided a positive contribution to earnings, excluding initial start-up costs. These fundamental economics are encouraging for the future profitability of the RSS business.

As a result of this greater than expected loss in the first half, our guidance now projects an overall revenue growth of 35-40% and an EBITDA loss of \$3.5-4.0m for the full year. This means accelerated revenue growth in the second half and a close to breakeven EBITDA performance.

Why are we raising capital

We are encouraged by the performance and results achieved by the initial portfolio of RSS centres, despite the start-up challenges, the fundamentals remain attractive and we are encouraged to continue rolling out new RSS centres across the United States. RSS aims to operate at least 15-16 centres by the end of FY2018, 27-28 centres by the end of FY2019 and reach 40 operating centres during the course of 2020, which will require additional working capital. We draw confidence from the success of S3 in Dallas, Texas, which operates a similar model to RSS. The S3 business continued to grow and the number of patients treated in the centres grew by 30% in 2017, compared to the previous year.

As SomnoMed continues with its RSS centre roll-out trajectory, coupled with the expected continued growth in the Company's core business, SomnoMed expects to build a business by 2020 which will have demonstrated high rates of growth of approximately 30% per annum and generate annual revenues in the range of between \$100m to \$120m. It is also expected to be a profitable business, generating EBITDA margins in the range of 15-20% (offset by the profit and loss drag of new centres opening in 2020) and SomnoMed will be well on the way to have transitioned into an Integrated Sleep Solutions business.

Entitlement Issue

Wilson's Corporate Finance Ltd has been appointed Lead Manager to the issue.

To the extent that there is a shortfall in entitlements taken up, compared to the target total capital raising of approximately \$10.4 million, TDM Asset Management Pty Ltd ("TDM") and other existing major shareholders have agreed to subscribe for any shortfall not taken up under the Entitlement Offer.

Conclusion

We are excited about the business transition we are making at SomnoMed and our long term growth prospects. We expect our traditional COAT™ business will continue with its success, especially in Europe, supported with an increasing impact on our business from Managed Care and RSS centres. We hope that in the future, SomnoMed's RSS operations will have a transformational impact on growth rates and overall EBITDA of our Company.

I would like to thank you, our shareholders, for your trust and support in the past and encourage you to consider the offer to participate in this issue.

Yours sincerely,



Derek Smith

Global Chief Executive Officer

Summary of the Entitlement Offer

Ratio:	1 New Shares for every 17 existing SomnoMed ordinary shares
Issue Price:	\$3.00 per New Share
Size:	Approximately 3,445,825 New Shares
Gross proceeds:	Approximately \$10.4 million

Timetable

Procedure Step	Date
Trading halt	19 February 2018
Announcement of Entitlement offer	19 February 2018
Appendix 3B	19 February 2018
Cleansing Notice	19 February 2018
Ineligible Shareholder Letter	19 February 2018
Institutional Offer Opens	19 February 2018
Institutional Offer Closes	20 February 2018
Announce Results of Institutional Offer	21 February 2018
Release Retail Offer Documents to ASX	21 February 2018
Trading Halt Lifted – Trading is on ex-entitlement basis	21 February 2018
Record date for holders	21 February 2018
Information Booklet and Acceptance Form Sent to Retail Investors	26 February 2018
Announce offer documents sent to shareholders	26 February 2018
Retail Entitlement Offer Opens	26 February 2018
Institutional Offer Settlement	26 February 2018
Updated Appendix 3B	26 February 2018
Issue and Quotation of New Shares	27 February 2018
Retail Offer Closes	15 March 2018
Announce Results of Retail Offer	19 March 2018
Retail Offer Settlement	21 March 2018
Updated Appendix 3B	22 March 2018
Issue New Shares	22 March 2018
Quotation of New Shares	23 March 2018
Dispatch Holding Statements	26 March 2018

Notes:

All dates and times are indicative only and subject to change. Unless otherwise specified, all dates and times refer to Sydney time. SomnoMed and the Lead Manager reserve the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, SomnoMed reserves the right to extend the closing date for the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the allotment date for New Shares under the Retail Entitlement Offer.

Description and effect of the Entitlement Offer

1.1 Overview

The Entitlement Offer is an accelerated pro-rata non-renounceable offer of approximately 3,455,825 New Shares at \$3.00 per New Share to raise approximately \$10.4 million (before direct offer costs including fees paid to advisers and to providers of specific services to cover share registry, printing and postage costs and ASX listing fees).

SomnoMed has successfully commenced the rollout of its “Direct to Patient” Obstructive Sleep Apnea (“OSA”) model through its Renew Sleep Solutions centres across North America and wishes to continue this expansion, which requires additional working capital. Funds raised from the Entitlement Offer will be used for this purpose.

The Entitlement Offer has two components:

- (a) the Institutional Entitlement Offer - an initial offer to Eligible Institutional Shareholders; and
- (b) the Retail Entitlement Offer - an offer to Eligible Retail Shareholders.

1.2 Institutional Entitlement Offer

SomnoMed has already raised approximately \$5.9 million under the Institutional Entitlement Offer.

New Shares issued under the Institutional Entitlement Offer will be issued at the same price and at the same ratio as those being offered under the Retail Entitlement Offer. SomnoMed announced completion of the Institutional Entitlement Offer on 21 February 2018.

1.3 Retail Entitlement Offer

The Retail Entitlement Offer constitutes an offer to Eligible Retail Shareholders only. The Retail Entitlement Offer will raise approximately \$4.5 million.

Eligible Retail Shareholders who are on SomnoMed's share register on the Record Date are entitled to acquire 1 New Share for every 17 Shares held at 7.00 pm (Sydney time) on 21 February 2018 (Record Date) (Entitlement). Fractional Entitlements will be rounded up to the nearest whole number of New Shares.

The issue price of \$3.00 per New Share represents a discount of 1.0% to the closing price of SomnoMed shares on 16 February 2018 (being the last trading day before announcement of the Entitlement Offer), and a discount of 0.9% to the TERP.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on ASX, nor can they be transferred or otherwise disposed of.

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Information Booklet. Eligible Retail Shareholders may subscribe for all or part or none of their Entitlement.

Eligible Retail Shareholders who do not take up any or all of their Entitlements will have their percentage shareholding in SomnoMed diluted.

Eligible Retail Shareholders should be aware that an investment in SomnoMed involves risks. The key risks identified by SomnoMed are summarised in the Investor Presentation set out in section 2 of this Information Booklet.

1.4 Issue management

Wilsons Corporate Finance Ltd has been appointed as Lead Managers to the Entitlement Offer.

1.5 Shortfall

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place Shortfall Shares (any Entitlements of Ineligible Shareholders and any Entitlements not taken up by Eligible Shareholders) to either existing or new Shareholders at their discretion. If issued, Shortfall Shares will be issued at a price not less than the Issue Price of New Shares under the Retail Entitlement Offer.

To the extent there are Shortfall Shares under the Retail Entitlement Offer, they will be subscribed for by existing major shareholders, including TDM (to the extent that TDM and funds controlled by TDM will hold no more than 19.9% of the issued shares of the Company). The Shortfall Shares will be placed as the Board determines, subject to the requirements of the Listing Rules and the Corporation Act, within 3 months of the closing date.

TDM and funds controlled by TDM are together a substantial shareholder of SomnoMed and currently own 15.3% of the issued capital of the Company. If no shares were applied for under the Retail Entitlement Offer, TDM and funds controlled by TDM would own approximately 17% of the issued capital of the Company.

Shareholders will not receive any payment or value for the Entitlements not taken up under the Retail Entitlement Offer that are subsequently taken up as Shortfall Shares.

1.6 Options issued as a result of the Entitlement Offer

In consideration of TDM's commitment to subscribe for any Shortfall Shares, TDM will be granted 400,000 options exercisable upon payment of \$4.00 each at any time on or before 31 August 2019.

1.7 Eligibility of Retail Shareholders

The Retail Entitlement Offer is being offered to all Eligible Retail Shareholders. An Eligible Retail Shareholder is a Shareholder on the Record Date who:

- (a) has a registered address on the SomnoMed share register in Australia or New Zealand or is a Shareholder that SomnoMed has otherwise determined is eligible to participate;
- (b) is not in the United States and is not a person (including nominee or custodian) acting for the account or benefit of a person in the United States;
- (c) was not invited to participate in the Institutional Entitlement Offer and was not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer; and
- (d) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus, circular or other similar disclosure document to be lodged or registered.

The Retail Entitlement Offer is not being extended to the Ineligible Retail Shareholders because of the small number of those Shareholders, the number and value of the Shares they hold and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand or in respect of Shareholders in jurisdictions SomnoMed otherwise determines are eligible to participate.

1.8 Ranking of New Shares

The New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally with Existing Shares.

1.9 Allotment

SomnoMed has applied for quotation of the New Shares on ASX. It is expected that allotment of the New Shares under the Retail Entitlement Offer will take place on or about 22 March 2018.

Application Monies will be held by SomnoMed on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies.

1.9 Allotment (continued)

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them before trading the New Shares. The sale by an Applicant of New Shares before receiving their holding statement is at the Applicant's own risk.

1.10 Capital structure

Subject to the rounding up of fractional Entitlements, the capital structure of SomnoMed following the issue of New Shares is expected to be as follows:

Existing Shares on issue as at 19 February 2018: (announcement of the Entitlement Offer)	58,749,011
New Shares issued under the Entitlement Offer:	3,455,825 (approximately)
Total number of Shares after the Entitlement Offer:	62,204,836 (approximately)

1.11 Effect on SomnoMed's financial position

SomnoMed had cash on hand of \$6.9 million as at 31 January 2018. Following the completion of the Entitlement Offer the amount of Cash available to the Company will increase by approximately \$10.4 million (before costs of the Offer).

1.12 Information availability

Eligible Retail Shareholders can obtain a copy of this Information Booklet from the SomnoMed website at www.somnomed.com.au or by calling the Share Registry on 1300 737 760 (within Australia) at any time from 8:30am to 5:00pm on a Business Day during the Entitlement Offer period. Persons who access the electronic version of this Information Booklet should ensure that they download and read the entire Information Booklet. The electronic version of this Information Booklet will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling the Share Registry.

1.13 Stamping fees

No stamping fees will be payable pursuant to the Entitlement Offer.

2 Investor Presentation



Improving lives through better sleep

Investor presentation – First half results 2017/18 and Accelerated Entitlement Offer

Not for release or distribution in the United States of America



Disclaimer

This document has been prepared as a summary only, and does not contain all information about the Company's assets and liabilities, financial position and performance, profit and losses and the rights and liabilities attaching to the Company's securities. This document should be read in conjunction with any public announcements and reports (including financial reports and disclosure documents) released by SomnoMed Limited. The securities issued by the Company are considered speculative and there is no guarantee that they will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

Some of the statements contained in this release are forward-looking statements. Forward looking statements include but are not limited to, statements concerning estimates of future sales, expected revenues and costs, statements relating to the continued advancement of the Company's operations and other statements which are not historical facts. When used in this document, and on other published information of the Company, the words such as "aim", "could", "estimate", "expect", "intend", "target", "forecast", "future", "will", "may", "potential", "should" and similar expressions are forward-looking statements.

Although the Company believes that its expectations reflected in the forward-looking statements are reasonable, such statements involve risk and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Various factors could cause actual results and projections of future performance to differ from these forward looking statements as a result of known and unknown risks, uncertainties and other factors not anticipated by the Company or disclosed in the Company's published material. Many of these factors are beyond the control of SomnoMed Limited and may involve subjective judgement and assumptions as to future events, which may or may not be correct.

The Company does not purport to give financial or investment advice. No account has been taken of the objectives, financial situation or needs of any recipient of this document.

Recipients of this document should carefully consider whether the securities issued by the Company are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position and seek appropriate financial advice from their accountant, financial advisor, stock broker, lawyer or other professional advisor before deciding whether to invest.

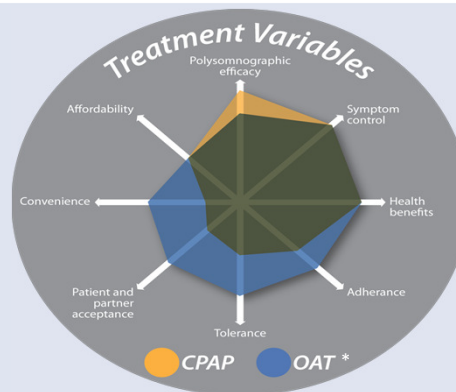
The SomnoMed opportunity is large

There is a significant market for Obstructive Sleep Apnea

SLEEP APNEA



The global market for Sleep Apnea devices is approx. \$7-8B and growing at 6-8% pa



Oral Appliance Therapy (OAT*) is equally effective to CPAP particularly in mild to moderate patients and is better tolerated

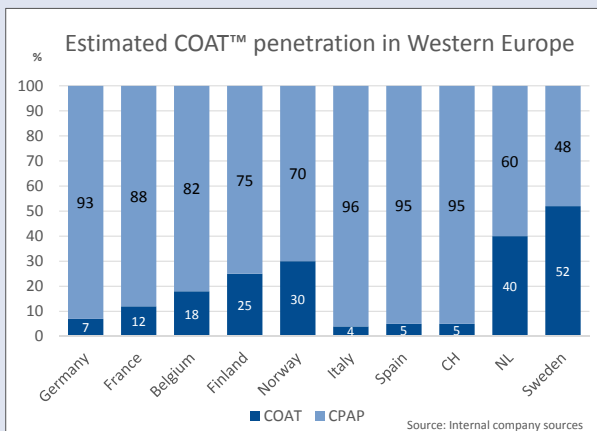


Source: Oral Appliance Treatment of OSA: an update : Chan/Cistulli : Pulmonary Medicine November 2009

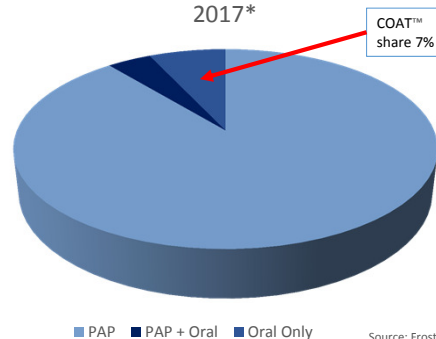
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The COAT™ market is growing at approximately 20% per annum

There is a high ceiling for COAT™ growth



Estimated share of therapy for newly diagnosed OSA patients in the USA in 2017*



4



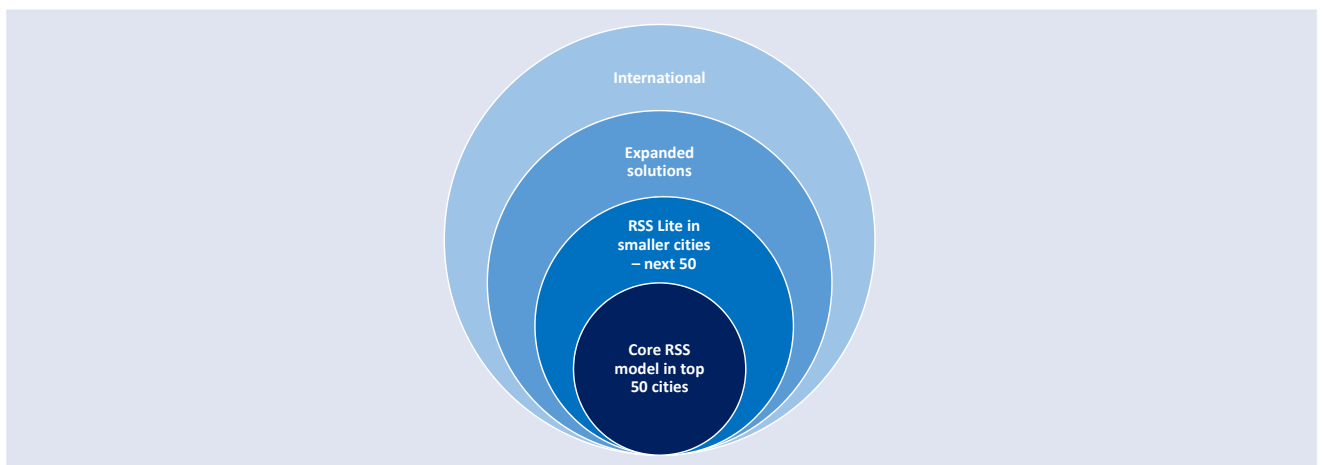
SomnoMed's vision and strategy

Driving an integrated sleep solutions business



Opportunity for direct to consumer model through Renew Sleep Solutions (“RSS”)

Opportunity could reach \$300-500m revenues with ongoing OSA growth





Innovation driving the acceleration of SomnoMed

Technology as well as service and solution design will help fuel our growth



Improved device design
including material development
for improved therapy



Use of end to end
digital technology
to enhance the patient experience
and improve operational
effectiveness



Solution and service design
To provide a more holistic patient
experience



2020 vision and targets

- Driving an integrated sleep solution business, combining traditional manufacturing and distribution of COAT™ devices with full scale Managed Care and “Direct to Patient” business
- Over 600,000 patients suffering from Obstructive Sleep Apnea, treated by SomnoMed
- Retaining innovation leadership by accelerated development in technology, service and solution design, which results in better patient outcomes and experience
- Focusing on current OECD markets
- Operating over 40 RSS centres
- High revenue growth business > 30% p.a. with total group revenues expected to range between A\$100-A\$120m
- EBITDA % expectation between 15-20% (excluding the losses of new RSS centres opened for less than 12 months)

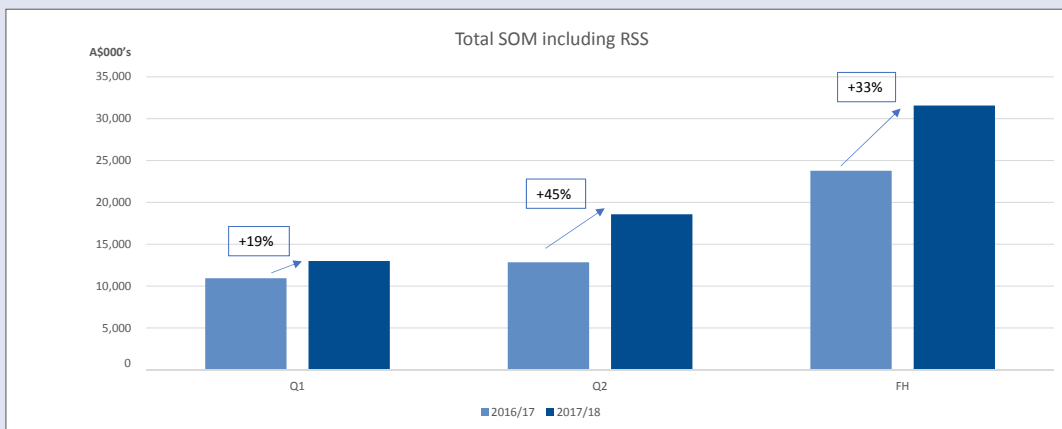




Improving lives through better sleep

First half 2017/18 results

Strong revenue growth after slow start to the year



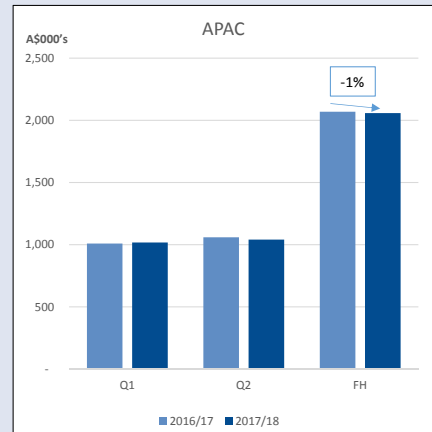
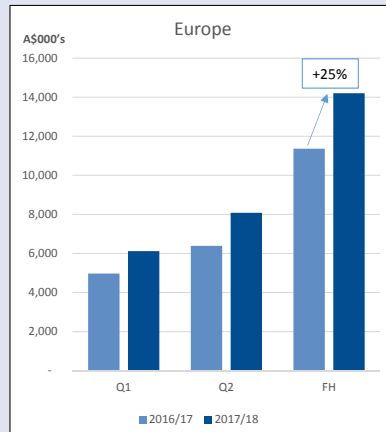
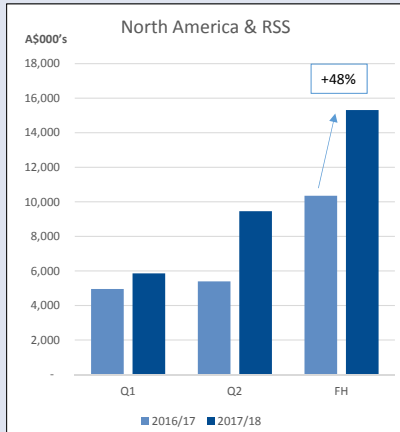


Revenue growth by region

Growth in NA fuelled by RSS

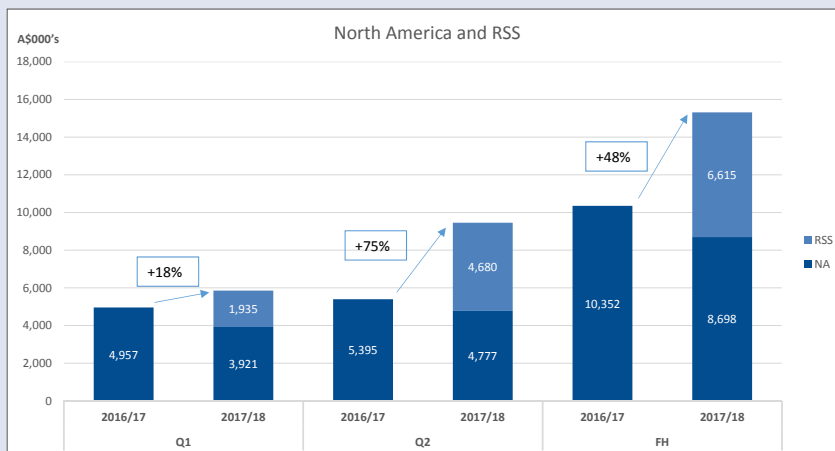
Accelerating growth in Europe

APAC stable



North America total revenue split

Sales channel change 2017/18





RSS now operating 12 centres across USA

Significant progress with start-up challenges

- Fast roll out: 12 centres opened in 12 months
- Total investment by 31 December 2017 = US\$8.7m
- Many factors influenced performance of individual centres and caused greater cash burn than planned:
 - Overcoming bottle necks and reducing inquiry processing time
 - Time to get credentialing and network approvals where needed
 - Dealing with seasonal market factors
 - Optimizing advertising spend/strategy per market
 - Insurance landscape, reimbursement \$, in-network
 - Size of market population and target patient cohort
 - Opening time vs. seasonality, resulting in slower patient ramp up

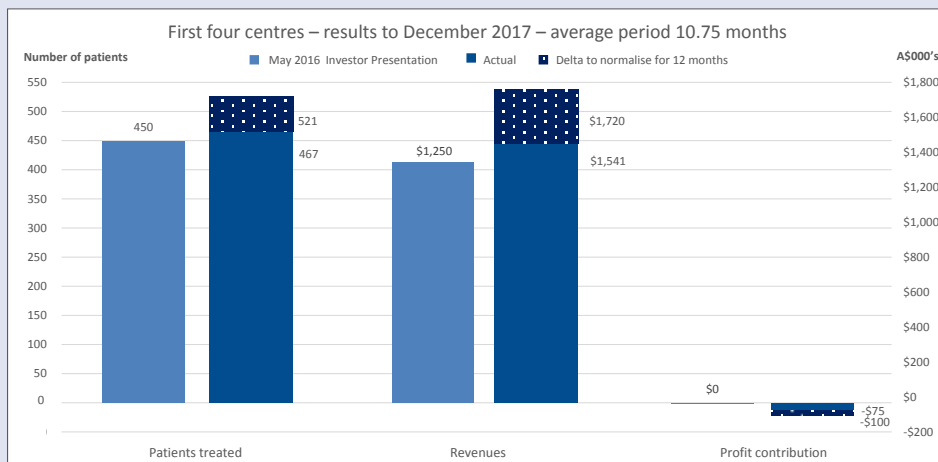


First 4 centres	Date opened	Months opened
Centre 1	9-Dec-16	12
Centre 2	20-Dec-16	12
Centre 3	21-Feb-17	10
Centre 4	12-Apr-17	9



Despite start-up challenges, centre fundamentals of the first four are consistent with original expectations

Average metrics of first 4 centres in 12 months to December



Summary profit and loss first half FY18

SomnoMed Core

- o Sales and marketing spend in Europe according to plan
- o US revenues and profits behind plan, due to perceived channel conflict
- o Admin spend on budget and below prior year

RSS

- o Losses 1st half greater than expected due to fast roll out and slower start due to slower ramp up and seasonality
- o Three of the first four centres produce positive contribution in second six months period

Corporate

- o Expenditure spend includes new VP Operations and Director RA/QA

Margins improving

* Relates to head office expenses

** EBITDA as adjusted does not include share and option expense, gain on contingent consideration payable and impairment of goodwill

Financial Summary – AUD \$000's First half comparison	SomnoMed Group			SomnoMed Core		RSS	SomnoMed Group
	FY18	FY17		FY18	FY18		FY18
	1st H	1st H		1st H	1st H		1st H
Group revenue	31,574	23,787	32.7%	24,959	6,615		31,574
Group gross margin	19,015	13,721	38.6%	14,736	4,279		19,015
Regional sales and marketing expenses	(11,449)	(5,694)	101.1%	(6,749)	(4,700)		(11,449)
Regional administrative expenses	(8,542)	(4,635)	84.3%	(4,551)	(3,991)*		(8,542)
Operating profit/(loss) before corporate, research and business development expenses	(976)	3,392	-128.8%	3,436	(4,412)		(976)
Corporate expenses	(2,433)	(1,964)	23.9%	(2,433)			(2,433)
EBITDA**	(3,409)	1,428	-338.7%	1,003	(4,412)		(3,409)
Key Metrics							
MAS gross margin %	70.0%	69.3%					
Group gross margin %	60.0%	57.6%					

Guidance showing improving second half results

SOM – continuing growth in second half

- o EU strong
- o US stabilized and growing again
- o APAC steady

RSS – continuing expansion of outlet network

- o fast growing revenues
- o reducing losses as more centres start generating positive contributions

Guidance 2017/18	First-half (A\$)	Second-half (A\$)	FY18 (A\$)
Revenue	\$31.6m	\$35.4m-\$38.4m	\$67m-\$70m
EBITDA*	(\$3.5m)	\$0-(\$0.5m)	(\$3.5m)-(\$4m)

* EBITDA as adjusted does not include share and option expense, gain on contingent consideration payable and impairment of goodwill

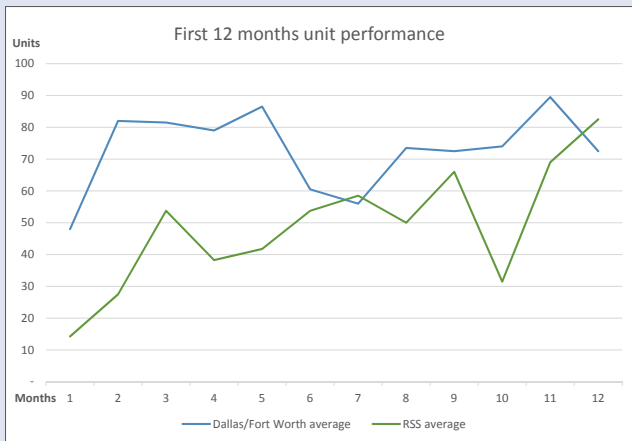


Improving lives through better sleep

Accelerated Entitlement Offer

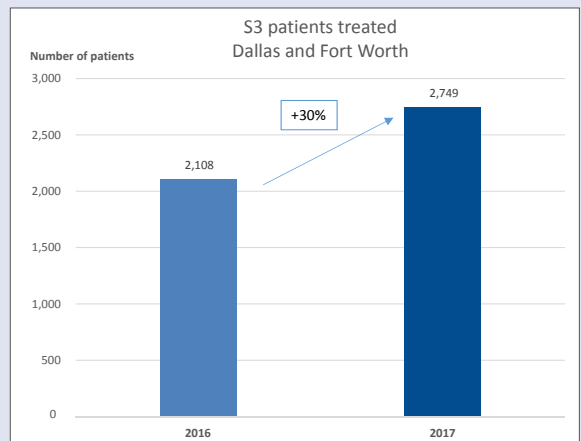
RSS centre performance compared to S3

S3 centre ramp up vs first 4



Dallas/Fort Worth average represents 2 centres covering a population of 7 million
RSS average represents 4 centres covering an average population of 1.9 million

S3 patient growth strong





RSS treatment centre economics

	Year 1 *		Year 2		Year 3	
	May 2016 Presentation	Current estimate	May 2016 Presentation	Current estimate	May 2016 Presentation	Current estimate
Patients treated	450	450	1,250	900	1,650	1,200
Revenue per centre (A\$m)	1.25	1.25	3.20	2.50	4.00	3.30
Contribution per centre (A\$m)	-	(0.2)	0.8	0.65	1.2	1.0
Centre contribution margin	N/A	N/A	25%	25%	30%	30%

- Pre-opening costs A\$200k on average per centre
- Ramp-up now more conservative compared to original assumptions taking into account relative city size, such as S3's Dallas/Fort Worth, as well as other factors
- Consistent reimbursement per patient
- Early learnings and improved operating efficiencies support these estimates
- Head office expenses are approximately 14% of revenues, of which approximately 70% are variable
- US\$ exchange rate assumption U\$0.77

* Year 1 reflects a period of 14 months : 2 months pre-opening and 12 months of revenue generation



Accelerated pro-rata entitlement issue

Opportunity overview

- SomnoMed has successfully commenced the rollout of its "Direct to Patient" OSA model through its Renew Sleep Solutions centres across North America and wishes to continue this expansion, which requires additional working capital
- RSS aims to operate at least 15-16 centres by the end of FY2018, 27-28 centres by the end of FY2019 and reach 40 operating centres during the course of 2020

Funding

- Pro-rata non-renounceable accelerated 1:17 entitlement issue at \$3.00 per share to raise approximately \$10.4 million
- Wilsons Corporate Finance Ltd is Lead Manager of the issue

Timetable

- Institutional offer – February 19th to February 20th
- Retail Offer – February 26th to March 15th
- Quotation of new shares – March 23rd



Offer

- Pro-rata non-renounceable accelerated 1:17 entitlement issue at \$3.00 per share to raise approximately \$10.4 million
- The offer price represents a discount to TERP of 0.9% and a discount to last closing price of 1%
- Funds to provide working capital and fund the continued capital investment associated with RSS
- To the extent that there is a shortfall in entitlements taken up compared to the target total capital raising of \$10.4 million, TDM Asset Management Pty Limited has agreed to subscribe for any shortfall not taken up by the book-build process, up to a maximum of 3,445,000 shares
- In consideration of TDM Asset Management Pty Limited's commitment to subscribe for any shortfall, TDM Asset Management Pty Limited will be granted 400,000 options exercisable on or before 31 August 2019 at a strike price of \$4.00 per share
- Issued capital – 62,204,835 million shares post issue
- Entities associated with the Company's Chairman Dr Peter Neustadt will subscribe for their full entitlement under the Offer, totalling 179,807 shares



Timetable

Procedure Step	Date	Procedure Step	Date
Trading halt	19 February 2018	Information Booklet and Entitlement and Acceptance Form sent to Retail Investors	26 February 2018
Announcement of Entitlement offer	19 February 2018	Retail Entitlement Offer opens	26 February 2018
Ineligible Shareholder Letter	19 February 2018	Issue and Quotation of New Shares under Institutional Offer	27 February 2018
Institutional Offer opens	19 February 2018	Retail Offer closes (5pm Sydney time)	15 March 2018
Institutional Offer closes	20 February 2018	Announce Results of Retail Offer	19 March 2018
Announce Results of Institutional Offer	21 February 2018	Retail Offer Settlement	21 March 2018
Release Retail Offer Documents to ASX	21 February 2018	Issue New Shares under Retail Offer	22 March 2018
Trading Halt Lifted – Trading is on ex-entitlement basis	21 February 2018	Quotation of New Shares under Retail Offer	23 March 2018
Record date for holders (7pm Sydney time)	21 February 2018	Dispatch Holding Statements under Retail Offer	26 March 2018



Offer restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The securities referred to in this document have not been and will not be registered under the United States Securities Act of 1933 (the "US Securities Act"), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. This document may not be distributed or released in the United States.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.



Risks

SomnoMed is subject to a number of risks and other factors that may impact both on its future performance and the market price at which its Shares trade. Broadly, these risks can be classified as risks general to investing in the stock market and risks specific to an investment in SomnoMed.

The New Shares issued under this entitlement offer do not carry any guarantee of profitability, dividends or the price at which they trade on ASX. The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors of which investors need to be aware. However, before taking up any Rights or investing in SomnoMed, the Directors strongly recommend investors examine the contents of the entitlement offer Information Booklet in its entirety and consult their professional advisers before deciding whether to subscribe for New Shares pursuant to this entitlement offer Information Booklet.

General

As with all stock market investments, there are risks associated with an investment in SomnoMed. Share prices may rise or fall and the price of Shares might trade below or above the issue price for the New Shares under this entitlement offer.

General factors that may affect the market price of SomnoMed Shares include:

- o economic conditions in both Australia and internationally;
- o investor sentiment and local and international share market conditions;
- o changes in interest rates and the rate of inflation;
- o changes to government regulation, policy or legislation;
- o changes in exchange rates; and
- o the nature of competition in the industry in which SomnoMed operates.

Specific risks relating to SomnoMed

Directors believe that risks associated with an investment in SomnoMed include, but may not be limited to, the following:

Growth management and additional capital requirements

The existing and future operations of SomnoMed may place a significant strain on the Company's managerial, operational and financial resources. Future success will also depend on the ability to attract and retain personnel. Inability to manage growth, or to attract and retain the necessary personnel, could have a material adverse effect on SomnoMed.

The development of the "Direct To Patient" channel of the Company has been modelled on an existing successful business conducted in the state of Texas in the United States of America. Whilst the Directors believe this model can be replicated in other parts of the United States of America and possibly outside the USA, there is no guarantee that such operations will be successful due to a number of factors which may be peculiar to the various markets in which this channel is developed. Operations in any new markets can be affected by insurance reimbursement levels, the costs of operating, the levels of demand for various treatment options for obstructive sleep apnea, the Company's products and services and the availability of suitable personnel.

Additional funding may be required for the global expansion of SomnoMed's business in the future. There is no assurance that additional funding will be available to SomnoMed in the future at economically feasible terms.

Whilst the Directors are of the belief that the level of demand for the Company's products and the resultant revenues are expected to continue to grow in the future, there can be no guarantee that this growth will continue.

Execution risk in establishing a new business channel

Despite SomnoMed having acquired an exclusive license for an existing and successful "Direct to Patient" business, there are many risks associated with establishing any new business channel and rolling out the acquired concept US wide and internationally. There may be unforeseen difficulties, delays or expenses in developing any new business which could also apply to the "Direct to Patient" channel SomnoMed will be building in the USA and possibly elsewhere. As with any health care related business significant changes in reimbursement levels and or adverse changes in clinical guidelines and protocols can adversely affect the business.

Changes potentially affecting prices charged

There can be no guarantee that SomnoMed's products will continue to be successful in the market nor that SomnoMed will continue to receive significant revenues from the sale of its products or services. Unexpected expenses or downward pressure on the prices SomnoMed charges as a result of changes in regulations by national health authorities, emergence of alternative treatments for OSA delivering a higher level of efficacy and patient compliance as well as better health economics, competitive pressures, or levels of reimbursement provided health insurers in the places in which SomnoMed operates, may affect the profitability of that business.

Product liability

Whilst SomnoMed had in its over twelve years history treating almost 400,000 patients, not a single law suit resulting from mal treatment and/or serious side effects or harm being caused to a patient, SomnoMed could be exposed to product liability claims or other lawsuits if such events would occur. SomnoMed has implemented controls and processes designed to mitigate these risks and maintains what it believes is adequate liability insurance whenever economic and prudent.

Competition

There is a risk that the competitive landscape might change; new competitors might emerge or existing competitors might be taken over by larger and better resourced companies which may offer services that compete with the products and services provided by SomnoMed. There can be no assurance that a competitor of SomnoMed will not develop or achieve commercialisation of services that compete with, or supersede, SomnoMed services or products. The Directors believe that the potential market size for the services to be provided by SomnoMed is large enough to absorb a number of competitors.

Foreign exchange risk

All of SomnoMed's production and over 90% of its sales and revenues are taking place outside Australia. As SomnoMed is based in Australia and its accounts are kept in the Australian Dollar currency, changes to currencies will affect SomnoMed's profit and loss accounts. Most of SomnoMed's business is carried out in US Dollars or in Euros. A strengthening of the Australian Dollar against the US Dollar and/or the Euro will affect SomnoMed's profits adversely, whereas a weakening of the Australian Dollar against these countries will enhance its profits reported in Australian Dollars.

3. How to apply

3.1 Shareholder's choices

The number of New Shares to which Eligible Retail Shareholders are entitled under the Entitlement Offer (i.e. their Entitlement) is shown on the accompanying Entitlement and Acceptance Form.

Eligible Retail Shareholders may:

- (a) take up their Entitlement in full (refer to section 3.2);
- (b) take up part of their Entitlement, in which case the balance of the Entitlement lapses (refer to section 3.3); or
- (c) allow their Entitlement to lapse (refer to section 3.4).

Ineligible Retail Shareholders may not take up any of their Entitlements.

SomnoMed Limited reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Retail Entitlement Offer is 5.00pm (Sydney time) on 15 March 2018 (however this date may be varied, in accordance with the Listing Rules and in consultation with the Lead Manager).

3.2 Taking up all of your Entitlement

If you wish to take up your Entitlement in full, follow the instructions set out in the Entitlement and Acceptance Form. Please return your completed Entitlement and Acceptance Form together with your Application Monies in accordance with section 3.6 for the amount shown on the Entitlement and Acceptance Form to the Share Registry so that it is received no later than 5.00pm (Sydney time) on 15 March 2018 at the address set out below:

Hand delivery

SomnoMed Limited
C/- Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

Post

SomnoMed Limited
C/- Boardroom Pty Ltd
GPO Box 3993
SYDNEY NSW 2001

You may also take up all of your Entitlement by payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is being made through BPAY, you do not need to return the Entitlement and Acceptance Form. Your payment must be received by no later than 5.00pm (Sydney time) on 15 March 2018.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders), or by direct credit to the nominated bank account as noted on the share register as at the closing date of the offer. If you wish to advise or change your banking instructions with the Share Registry you may do so by going to www.boardroomlimited.com.au and following the instructions.

3.3 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the other steps required under section 3.2.

You may arrange for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is made through BPAY and SomnoMed Limited receives an amount that is less than the Issue Price multiplied by your Entitlement (Reduced Amount), your payment may be treated as an application for as many New Shares as your Reduced Amount will pay for in full.

3.4 Allow your Entitlement to lapse

If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse.

3.5 Consequences of not accepting your Entitlement

If you do not accept all of your Entitlement in accordance with the instructions set out above, any New Shares that you would have otherwise been entitled to under the Retail Entitlement Offer (or New Shares that relate to the portion of your Entitlement that has not been accepted) will be placed to major existing shareholders, including TDM, who have committed to subscribe for any shortfall under the Retail Entitlement Offer.

3.6 Payment

The consideration for the New Shares is payable in full on application by a payment of \$3.00 per New Share. The Entitlement and Acceptance Form must be accompanied by a cheque for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to 'SomnoMed Limited' and crossed 'Not Negotiable'.

Alternatively, you may arrange for payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Eligible Retail Shareholders must not forward cash by mail. Receipts for payment will not be issued.

3.7 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY, constitutes a binding offer to acquire New Shares on the terms of this Information Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Application for New Shares. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Retail Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Retail Entitlement Offer;
- (b) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended, and no action has been taken to register or qualify the Entitlement Offer, the Entitlement or the New Shares or otherwise permit the public offering of the New Shares in or under the laws of any other jurisdiction outside Australia or New Zealand or such other jurisdiction in which SomnoMed determines a Shareholder is eligible to participate; and
- (c) you have not and will not send any materials relating to the Retail Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

3.8 Brokerage and stamp duty

No brokerage fee is payable by Eligible Retail Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Retail Entitlement Offer.

3.9 Notice to nominees and custodians

Nominees and custodians may not distribute any part of this Information Booklet or any Entitlement and Acceptance Form in any country outside Australia and New Zealand, except to beneficial holders of Shares who are institutional or professional investors in Hong Kong or Singapore to the extent (i) contemplated in the Investor Presentation under the section titled "Offer restrictions" and (ii) such institutional or professional investors were not invited to participate in the Institutional Entitlement Offer.

4. Definitions

These definitions are provided to assist in the understanding of some of the expressions used in this Information Booklet.

<u>Term</u>	<u>Definition</u>
“\$”	means Australian dollars.
“Applicant”	means an Eligible Retail Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or has arranged for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.
“Application”	means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.
“Application Monies”	means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY.
“ASIC”	means the Australian Securities and Investments Commission.
“ASX”	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
“Business Day”	means a business day in Sydney as defined in the Listing Rules.
“Closing Date”	means 15 March 2018, the day the Retail Entitlement Offer closes, or any other date that the Directors in their absolute discretion determine, subject to the Listing Rules.
“Corporations Act”	means Corporations Act 2001 (Cth).
“Directors”	means the directors of SomnoMed Limited.
“Eligible Institutional Shareholder”	means an institutional or sophisticated Shareholder on the Record Date who: (a) is not an Ineligible Institutional Shareholder; and (b) has successfully received an offer under the Institutional Entitlement Offer (either directly or through a nominee).
“Eligible Retail Shareholder”	has the meaning set out in section 1.7.
“Eligible Shareholder”	means a Shareholder as at the Record Date who is not an Ineligible Shareholder.
“Entitlement”	means the right to subscribe for New Shares under the Entitlement Offer.
“Entitlement and Acceptance Form”	means the Entitlement and Acceptance Form accompanying this Information Booklet.
“Entitlement Offer”	means the Institutional Entitlement Offer and the Retail Entitlement Offer.
“Existing Shares”	means the Shares already on issue in SomnoMed Limited as at the Record Date.

“Ineligible Institutional Shareholder”	means a Shareholder who is an institutional or sophisticated Shareholder on the Record Date with a registered address outside Australia, New Zealand, Singapore or Hong Kong or any other jurisdiction that SomnoMed Limited agrees that ASX Listing Rule 7.7.1(a) applies.
“Ineligible Retail Shareholder”	means a Shareholder (or beneficial holder of Shares) on the Record Date with a registered address outside Australia or New Zealand unless otherwise declined by the Company.
“Ineligible Shareholder”	means an Ineligible Institutional Shareholder or an Ineligible Retail Shareholder.
“Information Booklet”	means this document.
“Institutional Entitlement Offer”	means the accelerated pro rata non-renounceable offer to Eligible Institutional Shareholders.
“Investor Presentation”	means the presentation to investors contained in section 2 of this Information Booklet.
“Issue Price”	means \$3.00 per New Share.
“Listing Rules”	means the official listing rules of ASX.
“New Shares “	means Shares to be allotted and issued under the Entitlement Offer or to TDM.
“Record Date”	means 7.00pm (Sydney time) on 21 February 2018.
“Retail Entitlement Offer”	means the pro rata non-renounceable offer to Eligible Retail Shareholders to subscribe for one (1) New Share for every seventeen (17) Shares of which the Shareholder is the registered holder on the Record Date, at the Issue Price under this Information Booklet.
“Shareholders”	mean holders of Shares in SomnoMed Limited.
“Shares”	means fully paid ordinary shares in the capital of SomnoMed Limited.
“Share Registry”	means Boardroom Pty Limited ACN 003 209 836.
“Shortfall Shares”	means those New Shares not taken up by Eligible Shareholders under the Entitlement Offer, together with those New Shares to which any Ineligible Shareholders would otherwise have been entitled.
“SomnoMed” (or the “Company”)	means SomnoMed Limited ACN 003 255 221.
“TERP”	means the theoretical price at which the Shares should trade immediately after the ex-date of the Entitlement Offer assuming 100% take up of the Entitlement Offer.
TDM	means TDM Asset Management Pty Ltd ACN 133 246 330

5. Corporate information

Company

SomnoMed Limited
Level 3, 20 Clarke St
CROWS NEST NSW 2065
Tel: + 61 2 9467 0400
www.somnoMed.com.au

Directors

Peter Neustadt (Non-executive Chairman)
Lee Ausburn (Non-executive Director)
Robert Scherini (Non-executive Director)

Global Chief Executive Officer

Derek Smith

Cheif Financial Officer

Neil Verdal-Austin

Company Secretary

Terence Flitcroft

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2001
Tel: +61 2 9290 9600
Fax: +61 2 9279 0664
www.boardroomlimited.com.au