



## Core revenue growth up 9% in Q3

**29<sup>th</sup> April 2019, SomnoMed Limited (ASX:SOM)** announced that its core revenues grew by 9% in the third quarter compared to the prior year, reaching \$14.3 million for the three month period. APAC delivered a revenue growth of 21%, while both North America and Europe had experienced lower growth rates for the quarter. Total group revenues decreased by 6% for the quarter, following the closure of the Renew Sleep Solutions (“RSS”) business as at 31<sup>st</sup> December 2018.

The North American core business revenue third quarter growth was 3%. The results were affected by the closure of the Simple Sleep Services (“S3”) during the quarter. The Company remains optimistic that new sales and marketing approaches will result in an increased growth rate by focusing on these opportunities and channels and customers return to SomnoMed following the closure of RSS.

In Europe, our business experienced capacity limits in some hospitals in both Holland and Sweden, resulting in a softer revenue growth of 10% for Q3. This is being addressed by working with the affected hospitals and focusing on facilitating the patient pathway to COAT™ treatment. The volume growth rates of Finland, Spain, Switzerland, Germany and the UK were once again strong in Q3 and the outlook for Europe’s Q4 looks encouraging.

“The US results for the quarter have to be seen against the disruption caused by the closure of the RSS business at 31<sup>st</sup> December 2018 and the closure of S3 during the quarter,” said Mr Neil Verdal-Austin, Global CEO of SomnoMed. “We have re-aligned all teams to focus on the two critical sales channels (dentists and sleep physicians), where we aim to treat a growing proportion of patients who suffer from Obstructive Sleep Apnea (“OSA”) with a more comfortable alternative to CPAP and look forward to the future with confidence,” Mr Verdal-Austin added.

APAC experienced a revenue growth of 21% in the third quarter, continuing the growth experienced in the second quarter. Again, Australia led the way with impressive revenue growth followed by South Korea and Japan.

“Development of the digital manufacturing platform is now well underway, with a new product, submitted for approval by the FDA, to be launched in the new fiscal year,” added Mr Verdal-Austin. “This will enable our company to bring a new design together with a new level of patient comfort to the market with preliminary clinical follow-up results indicating improved efficacy over previous products.”

It is expected the company will finish the fiscal year 2019 in line with revenue and EBITDA guidance as adjusted for the S3 write down as disclosed in March 2019.

The cash position at the end of March 2019 was \$7 million.

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### **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 more than 480,000 patients in 28 countries. For additional information, visit SomnoMed at <http://www.somnomed.com.au>