

**Investor
Presentation
Half Year FY2020**



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**Treatment focused
Technology driven**



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1. First-half results summary
 2. Vision & market opportunity
 3. Financial information
 4. Future horizons update
 5. Outlook & guidance FY20

1. First-half results summary

First-half summary

- ✓ SomnoMed's core revenue growth +15% over prior year
- ✓ EBITDA* \$3m and +130% over prior year
- ✓ North America first-half revenue growth +26% and continuing to show positive trends with increasing volumes from returning customers
- ✓ Europe first-half revenue growth +10% with Holland now turned around and both Belgium and France significantly contributing to the improved revenue growth
- ✓ APAC first-half revenue growth +11% with new sales channels developed
- ✓ Successful launch of the digital SomnoDent® Avant
- ✓ Key strategic contract signed with App-Nea LLC
- ✓ Medical survey conducted in the US providing valuable insights and key future strategic pathways
- ✓ New executive leadership team appointed in both North America and Australia
- ✓ Cash on hand \$8.9m and ahead of forecast



2. Vision & market opportunity

Vision/Mission

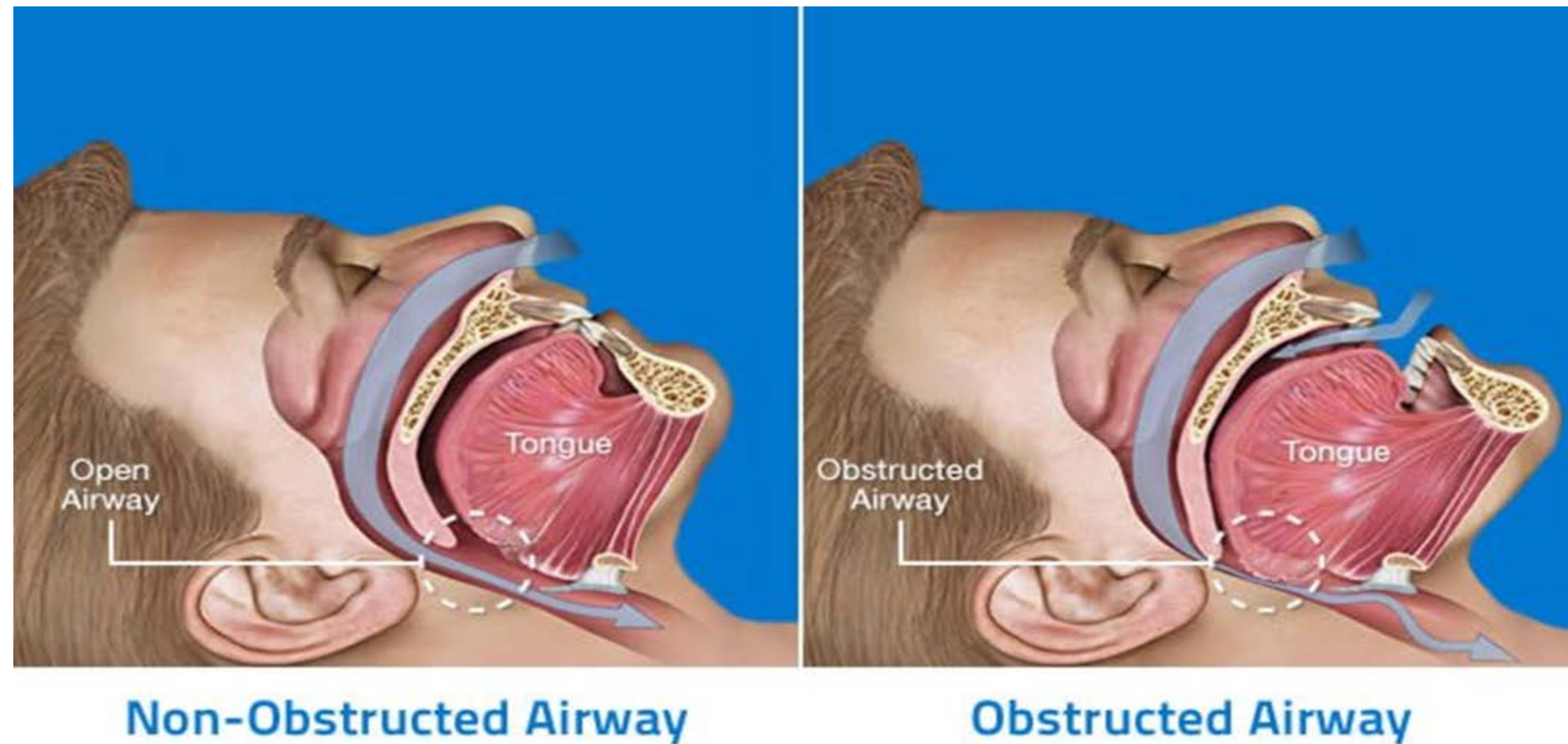


Vision: SomnoMed will be a leader in the treatment of patients suffering from obstructive sleep apnea and relevant adjacent conditions

Mission: Advancing the adoption and acceptance of the treatment therapies by medical specialists, dentists, patients and insurers

SOMNOMED

Obstructive Sleep Apnea

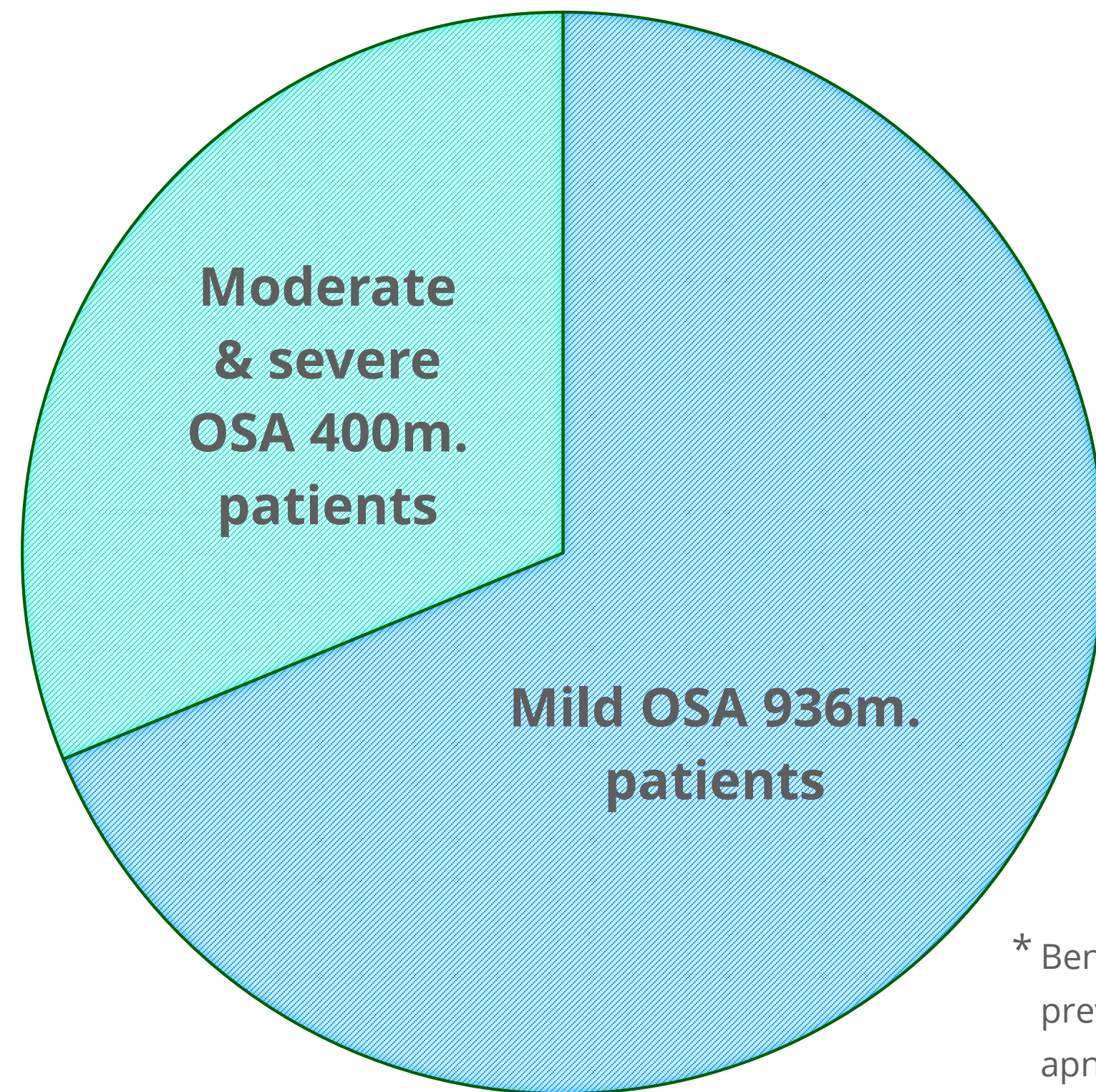


Obstructive sleep apnea is a disorder that occurs when a person's breathing is interrupted during sleep because the airway becomes blocked

OSA MARKET

1.36 billion patients globally suffer with OSA*

Affects 9% of women and 25% of men globally



* Benjafield et.al : Estimation of the global prevalence and burden of obstructive sleep apnoea: a literature-based analysis, *Lancet Respir Med* 2019

Large addressable markets:



54m mild OSA sufferers



26m mild OSA sufferers



23m mild OSA sufferers



22m mild OSA sufferers



3m mild OSA sufferers

SomnoMed's competitive advantage and core strengths

- ✓ Strong clinical research supporting COAT™ therapy
- ✓ Design and innovation driving patient comfort
 - ✓ Comprehensive product range
 - ✓ Proprietary materials
 - ✓ Unique titration methodology (SomnoDent® Avant)
- ✓ Manufacturing agility and capacity
- ✓ Extensive sales and distribution footprint in both dental and medical channels
- ✓ Best in class service and technical support
- ✓ Experienced, dedicated and passionate team

The patient preferred alternative

SomnoMed is the world leader in oral appliances with over 545,000 patients treated worldwide

- ✓ More comfortable
- ✓ Greater compliance
- ✓ Clinical effectiveness

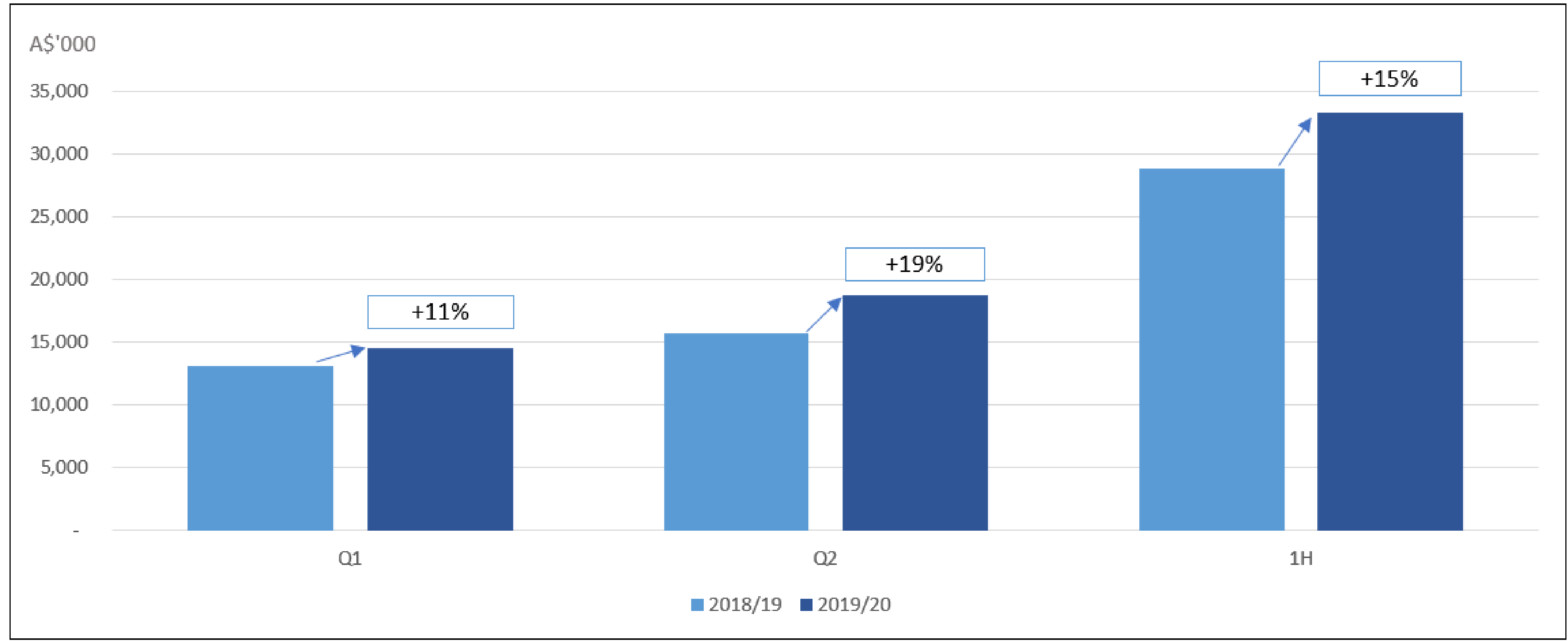


SomnoDent[®] AVANT[™]
SLEEP APNEA APPLIANCE

3. Financial information

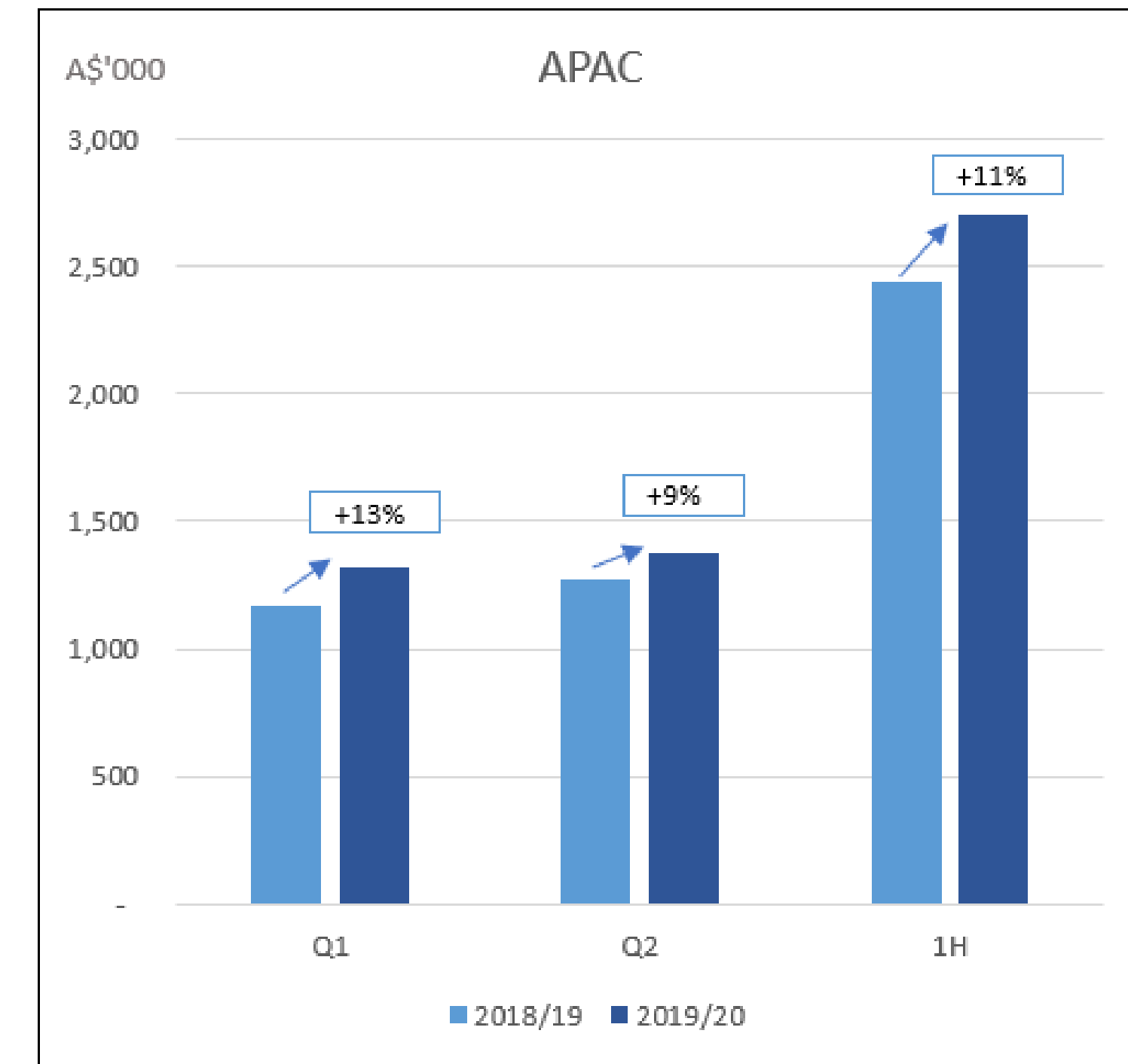
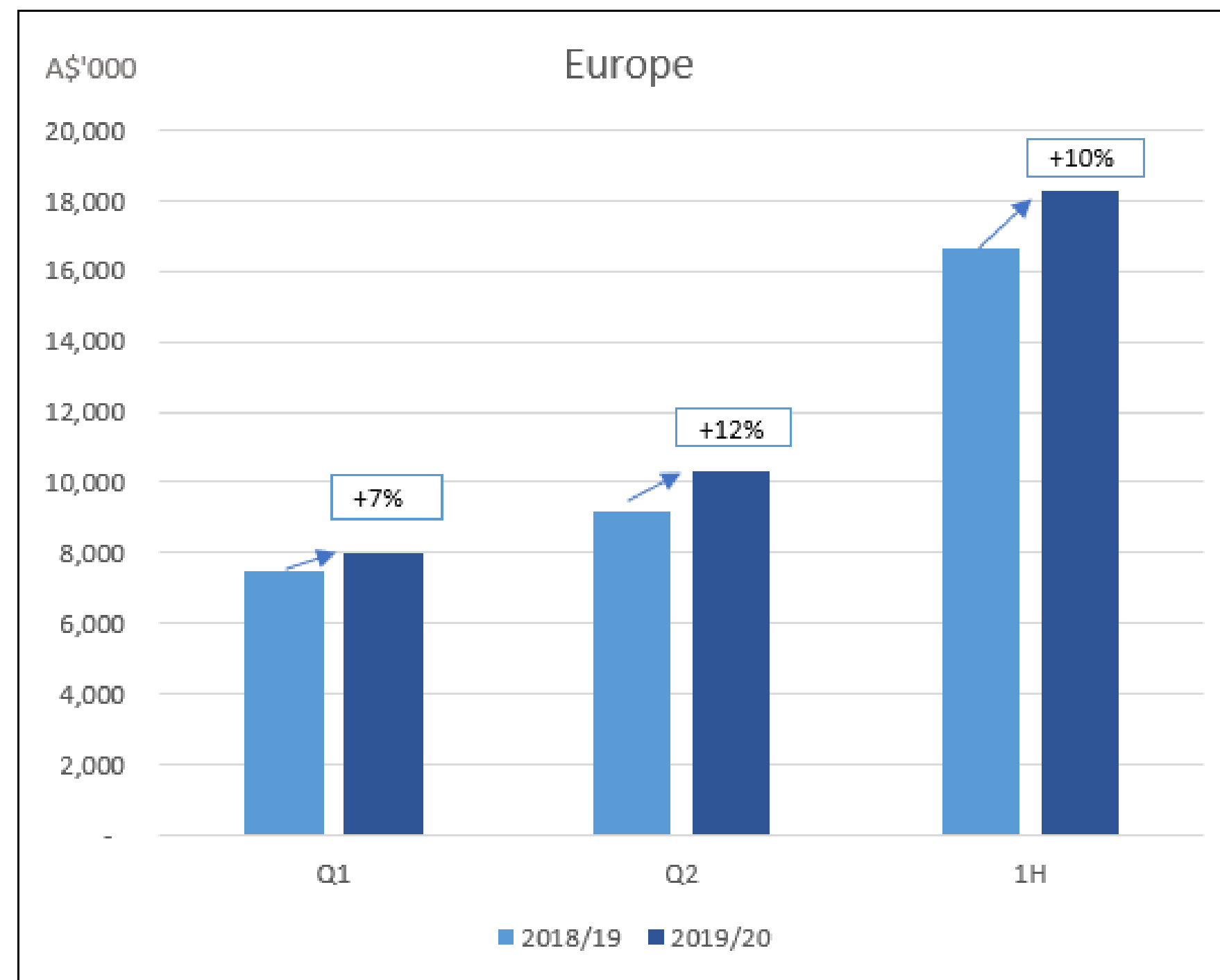
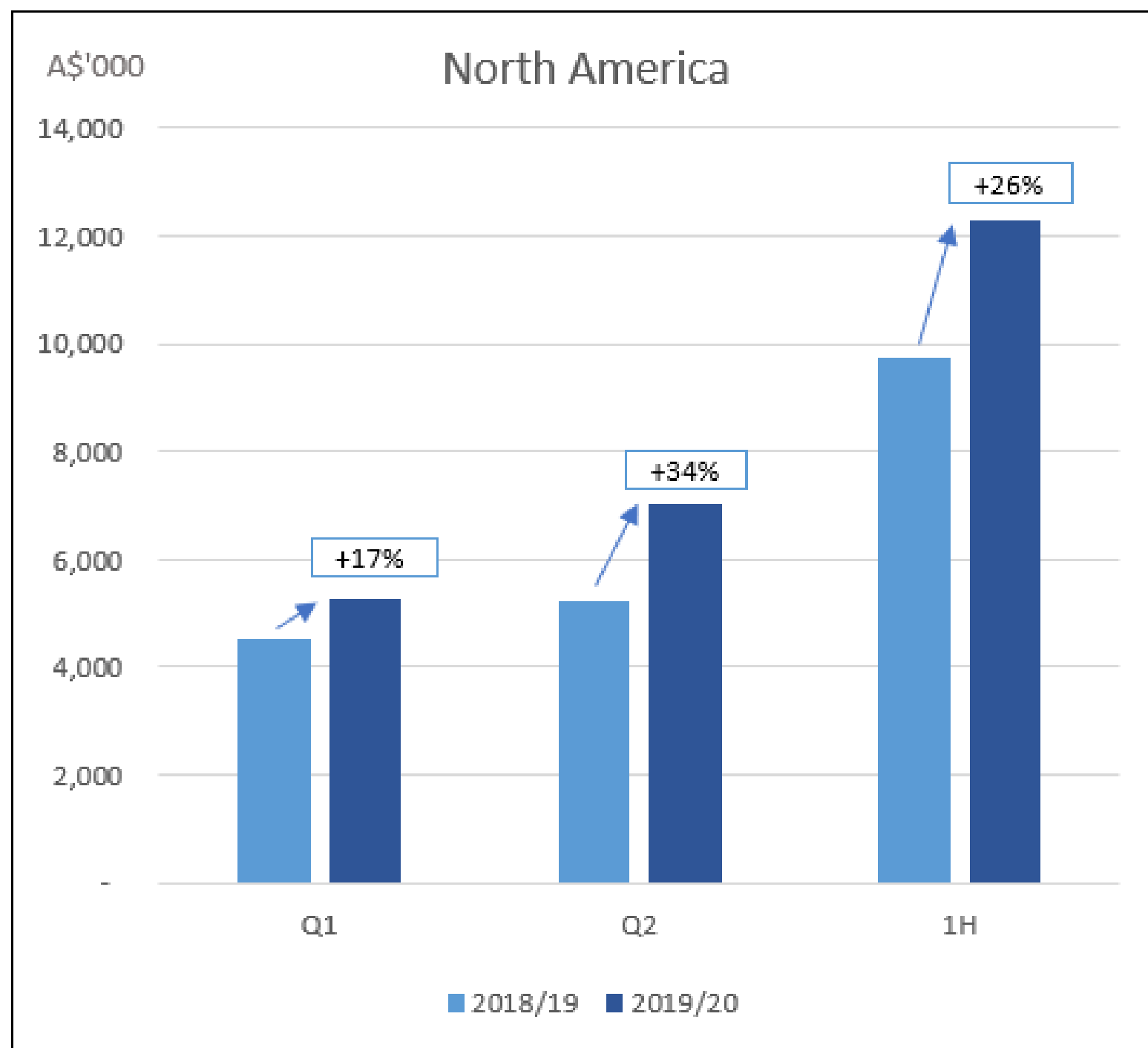
Financials

Total SomnoMed core revenue growth



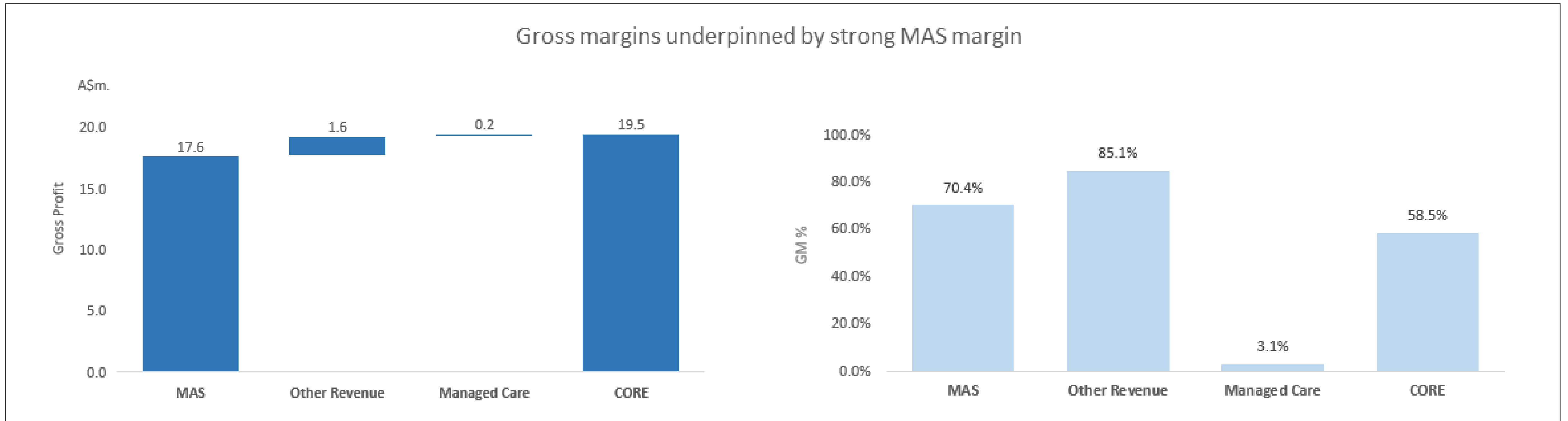
Financials

Core revenue growth by region



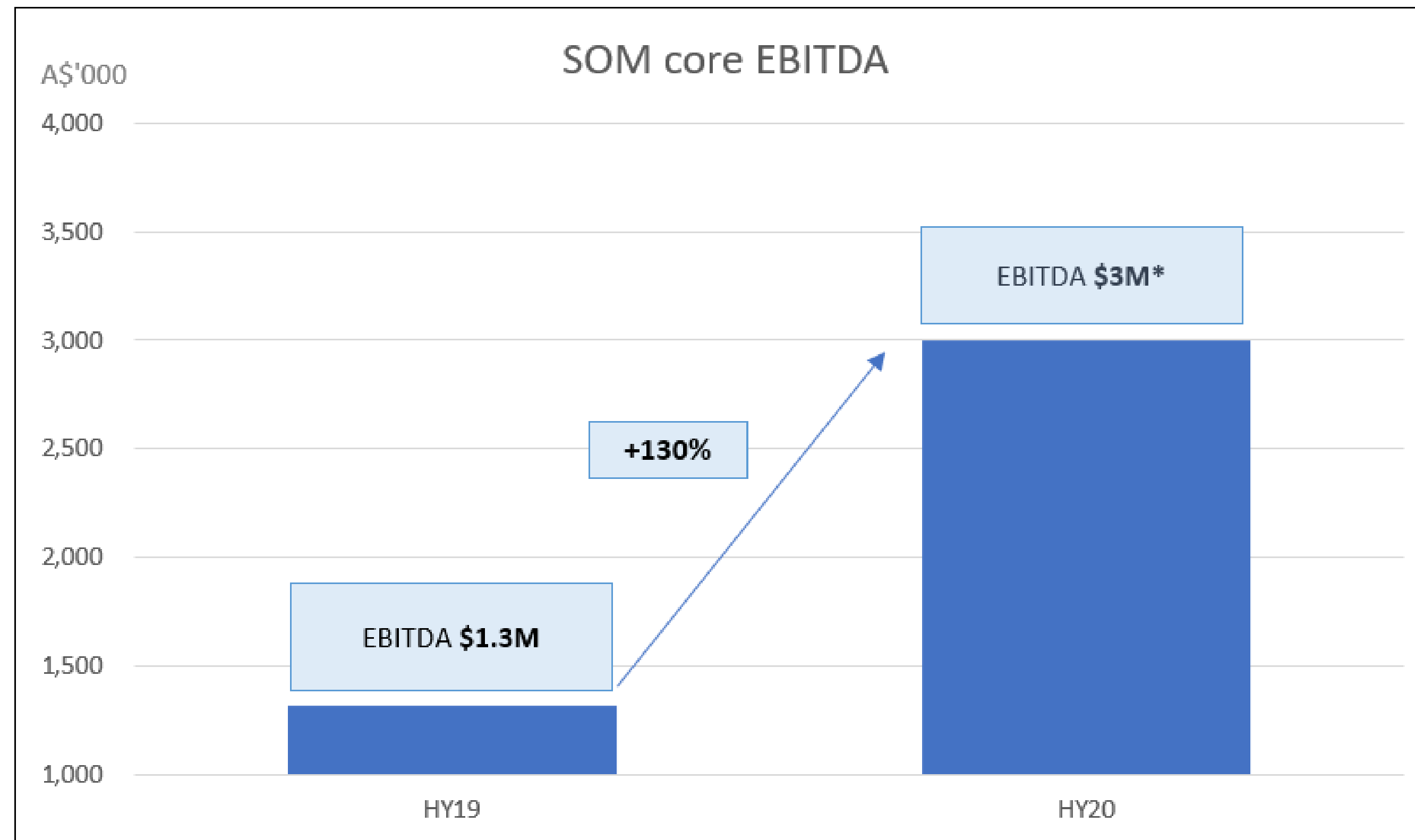
Financials

MAS device margin maintained



Financials

Strong EBITDA growth



* EBITDA as adjusted does not include share and option expense, loss on contingent consideration payable and unrealised foreign exchange gain/(loss)

Financial Summary - AUD \$000's	SomnoMed core		%
	FY20 HY	FY19 HY	
Revenue	33,256	28,815	15%
Gross margin	19,458	17,018	14%
Regional sales and marketing expenses	(8,486)	(7,408)	15%
Regional administrative expenses	(5,092)	(5,069)	0%
Operating profit/(loss) before corporate, research and business development	5,880	4,541	30%
Corporate, research and business development expenses	(2,872)	(3,228)	-11%
EBITDA*	3,008	1,313	130%
<i>Discontinued operation - RSS</i>			
Revenue	-	3,905	
Expenses**	(115)	(11,383)	
Results from operating activities	(115)	(7,478)	
Asset impairment	-	(1,884)	
Lease costs	-	(1,928)	
Provision for severance payments, legal and other costs to close RSS	-	(1,100)	
Net loss from discontinued operation	(115)	(12,390)	
Key Metrics			
MAS gross margin %	70.5%	71.0%	
Group gross margin % SOM core	58.5%	59.0%	
* EBITDA as adjusted does not include share and option expense, loss on contingent consideration payable and unrealised foreign exchange gain/(loss)			
** FY20 Discontinued operation expenses relate to AASB 16 adoption			

Sales and Marketing costs

1. 8.5% due to increased Sales and Marketing field presence in the United States and Europe;
2. 6.5% related to medical research in (US), promotional campaigns for Avant (US)

Corporate costs

1. Two global responsibilities moved to Australia (previously in the United States);
2. Restructure within CEO and CFO

Summary Balance Sheet and Cash Flow

Statement of financial position - AUD \$m.		
	31.12.19	30.06.19
Cash and cash equivalents	8.9	7.7
Inventories	2.3	1.9
Trade and other receivables	11.4	10.7
Plant and equipment	3.9	3.2
Goodwill & intangibles	7.5	7.8
Right of use asset (AASB16)	5.0	0.0
Deferred tax assets	3.2	3.4
Other assets	0.4	0.0
Total Assets	42.7	34.8
Payables	9.5	8.2
Borrowings	3.4	3.0
Provisions	2.3	4.2
Income tax payable	0.3	1.0
Lease Liability (AASB16)	6.6	0.0
Other liabilities	0.5	0.6
Total Liabilities	22.6	16.9
Net Assets	20.1	17.8

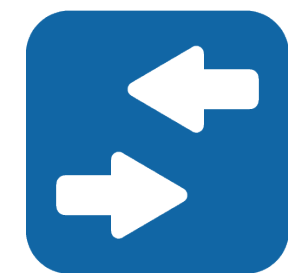
Statement of cash flows - AUD \$m.		
	FY20 HY	FY19 HF
EBITDA* CORE	3.0	1.3
EBITDA* RSS**	-	(7.0)
EBITDA* GROUP	3.0	(5.7)
Other non-cash items		
Changes in working capital (exc. Income tax)	(0.9)	1.8
Net interest paid	(0.2)	(0.0)
Income tax paid	(0.8)	(0.5)
Net cash flow from operating activities	1.1	(4.3)
Proceeds from term deposits	0.3	
Net capital expenditure	(1.2)	(0.5)
Net cash flow from investing activities	(0.9)	(0.5)
Proceeds from issuance of shares	1.4	-
Borrowings (net)	0.4	-
Payment leases	(0.8)	(0.2)
Net cash flow from financing activities	1.0	(0.2)
Net cash flow	1.2	(4.9)

*EBITDA as adjusted does not include share and option expense, loss on contingent consideration payable and unrealised foreign exchange gain/(loss)

**Discontinued business at December 2018

4. Future horizons - update

Our future horizons



Advancing treatment & building the core

- ✓ Sales and marketing focus and investment globally
- ✓ Medical research USA
- ✓ Successful launch of the digital SomnoDent® Avant
- ✓ Operational and service excellence



Positioning “the patient’s alternative”

- ✓ Effective medical outcome of COAT™ versus CPAP
- ✓ Partnerships to drive consumer education
- ✓ Reimbursement policy focus in currently non-reimbursed markets



Technology driven

- ✓ Digital manufacturing
- ✓ Technology bridge through App-Nea LLC partnership
- ✓ Automation and real time precision
- ✓ Optimised patient pathway management

5. Outlook & guidance

Outlook & guidance

☑ Regional

- ☑ Europe – market fundamentals for consistent revenue growth remain solid, focusing on a stronger reimbursement policy and medical strategy
- ☑ North America – maintain direct revenue growth momentum through product and service differentiation, while building on the medical strategy
- ☑ APAC – continue to drive Australia’s medical referral channel, while shaping the future plans for both Korea and Japan

☑ Research and development of further products and enhancements during the second-half, with additional technological advancements to be rolled out

☑ Develop and expand on future horizons

☑ Guidance relating to SomnoMed’s core business remains:

- ☑ Revenue range of between \$67-69m.
- ☑ EBITDA range of between \$6.3-6.7m.



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